

LPS Mortgage Monitor

August 2010 Mortgage Performance Observations

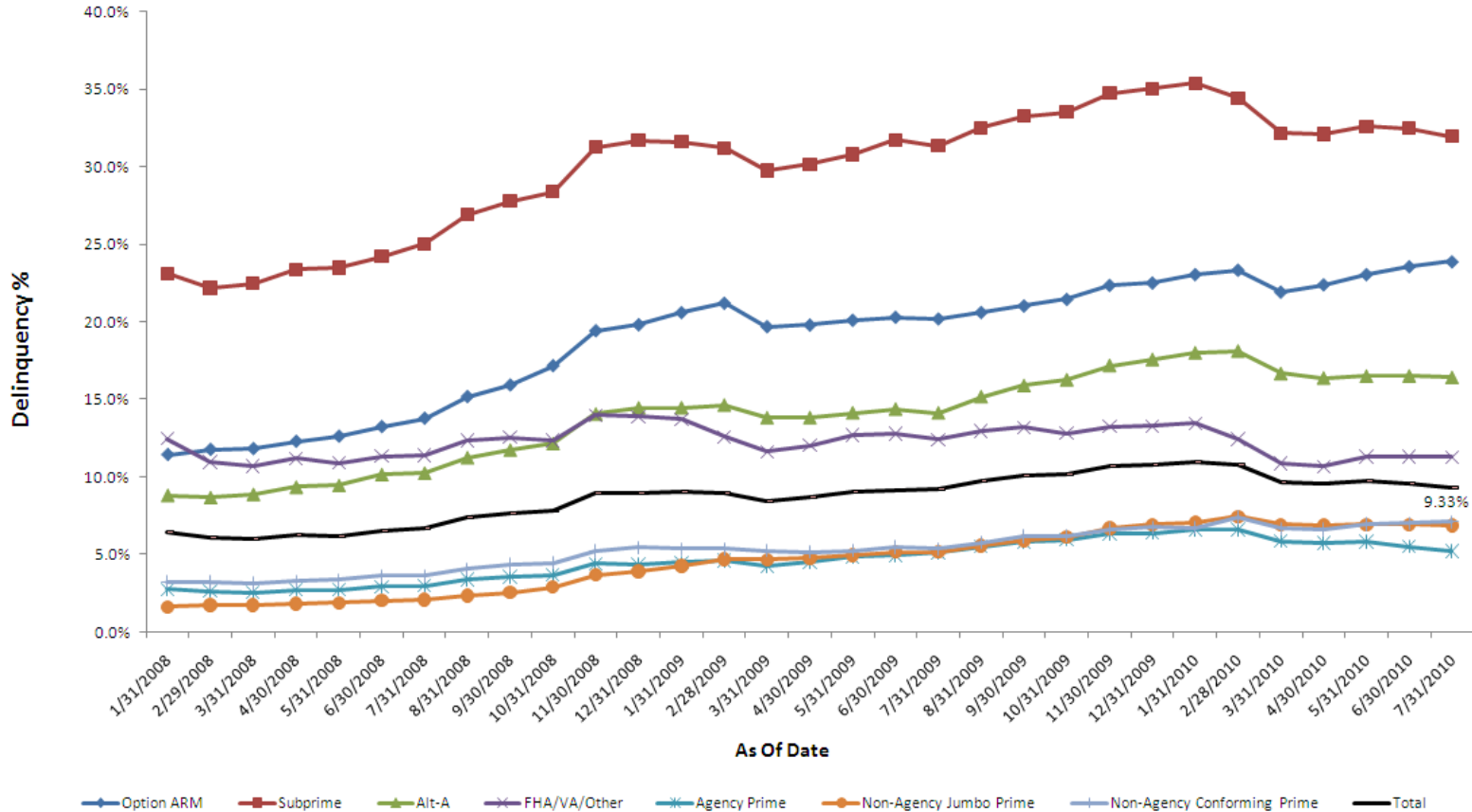
Data as of July 2010 Month-end

August 2010 Mortgage Performance Package
Data as of July 31, 2010
Released August 15, 2010
Outline / Agenda

- Delinquency and Foreclosure: Inventory figures for July 2010, factors and deterioration since 2009
- Foreclosure starts “deep dive”: Views by investor, vintage and status at time of foreclosure
- Updates on seriously delinquent “overhang” for the foreclosure market (“shadow inventory”)
- Delinquent roll rates: Including transition statuses and deterioration ratios
- Cure rate analysis: Including status at time of cure
- Origination analysis – Attributes / performance in addition to First Payment Defaults
- *Coming Next Month: “First look” statistics / Early release of selected Mortgage Monitor information.*

Total Delinquencies declined June to July
Total Delinquencies (excluding Foreclosures) = 9.33%
Month over Month Decline of 2.3%, Year over Year Increase of 1.4%

Total Delinquency % (Excluding Foreclosure) by Product Type

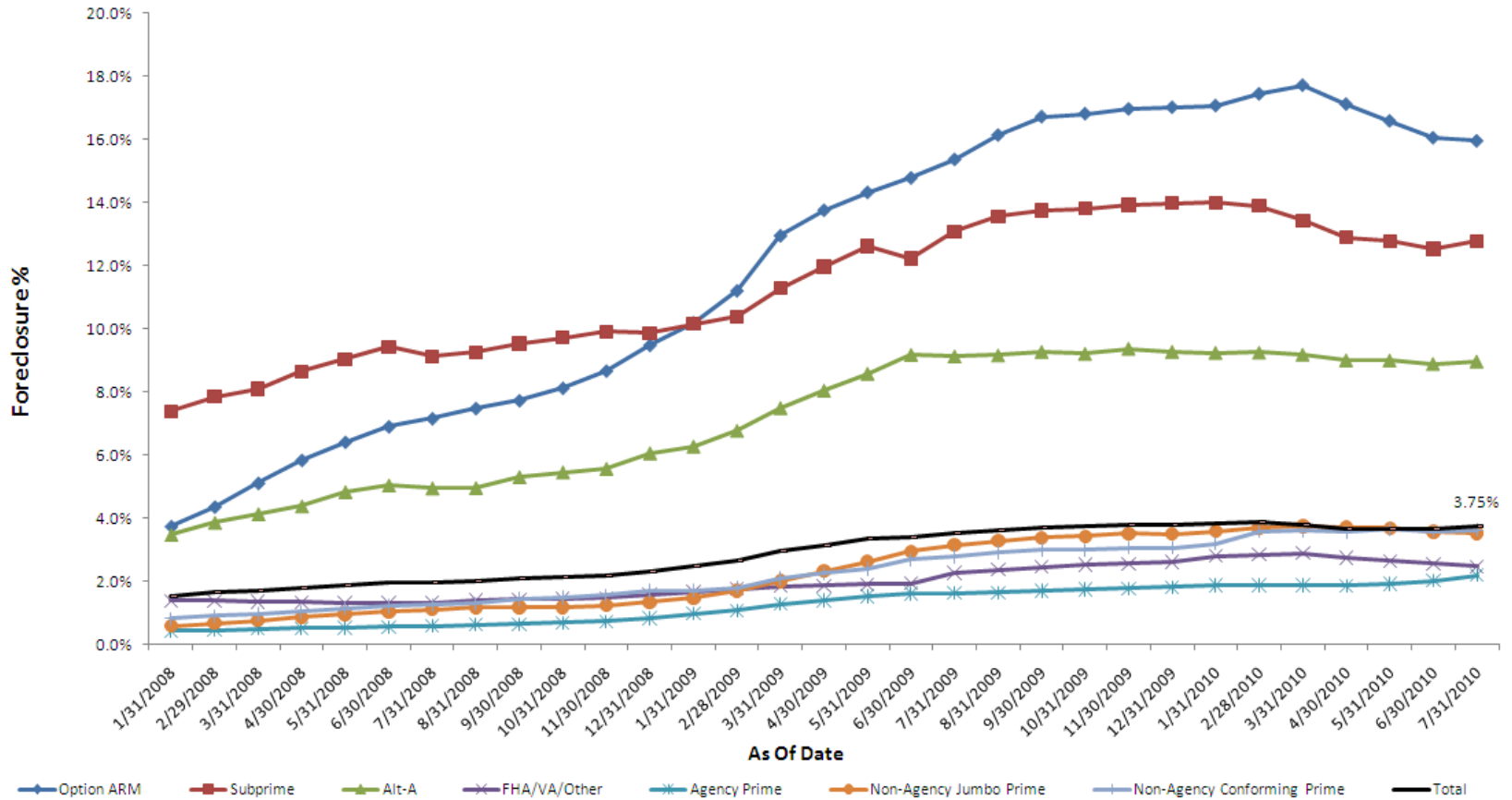


Foreclosure inventories increased slightly in July

Foreclosure Rate = 3.75%

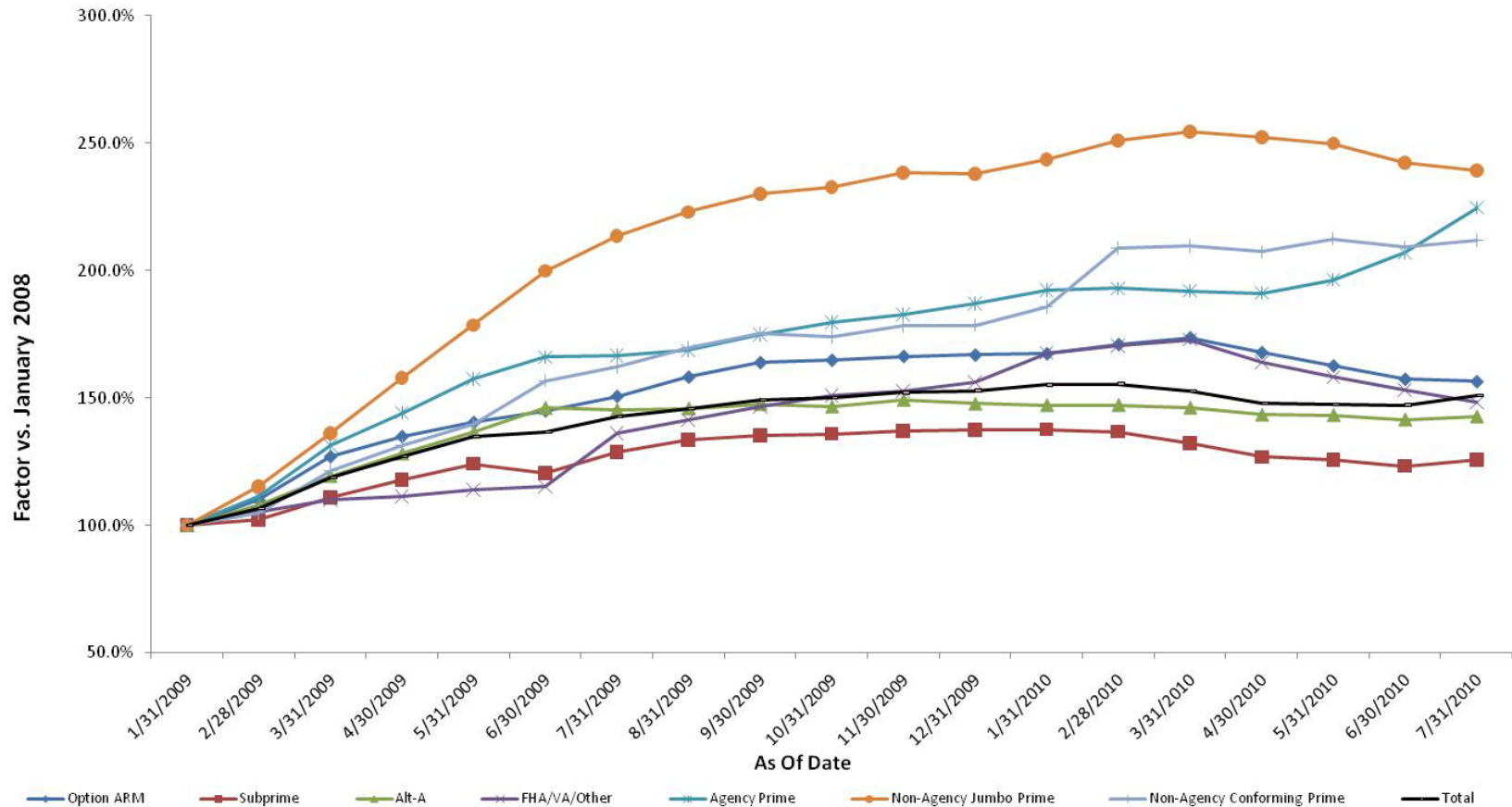
Month-over-Month Increase of 2.6%, Year-over-Year Increase of 5.8%

Total Foreclosure % by Product Type



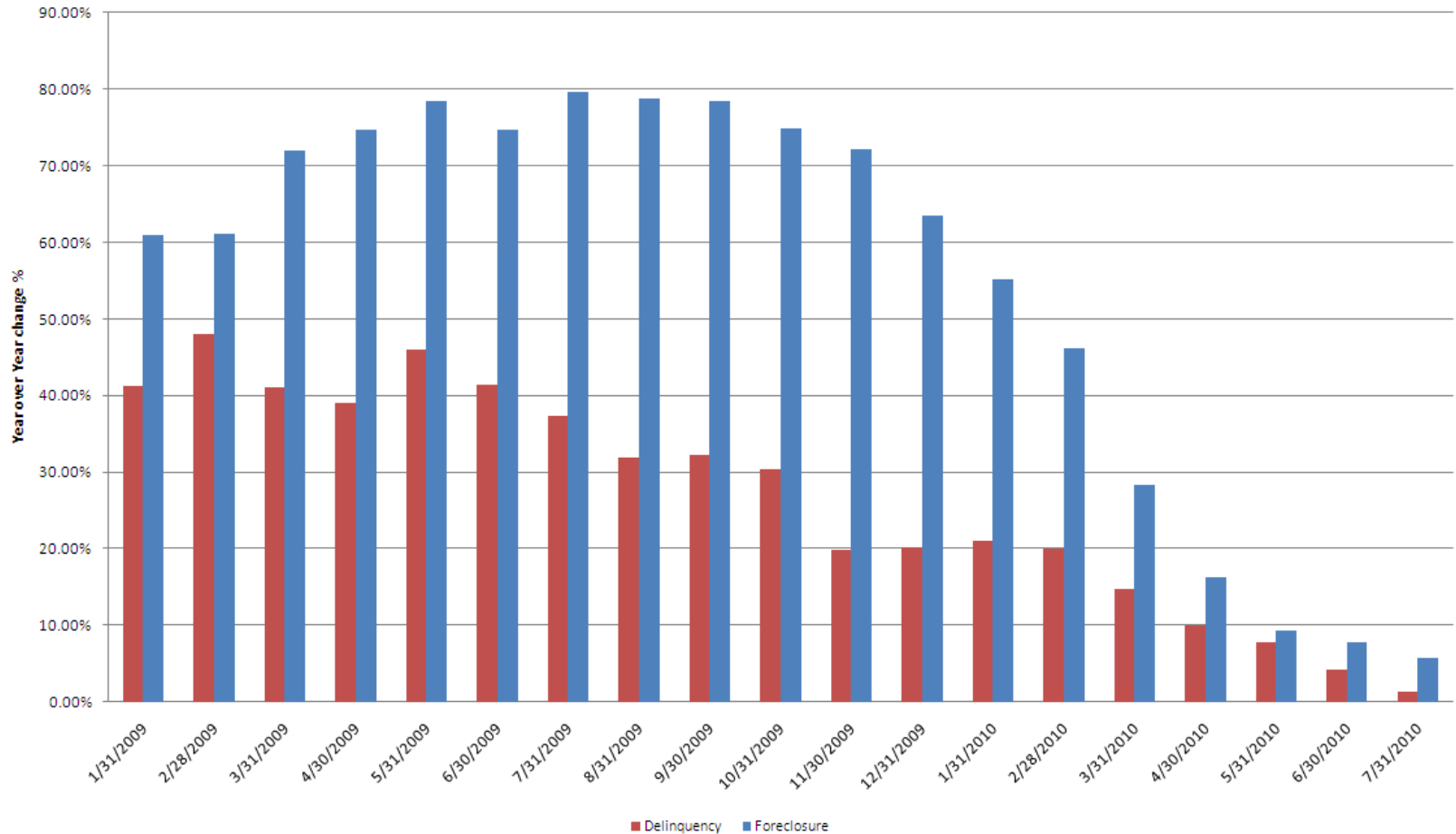
Since January 2009 Agency Prime has experienced the second highest percentage increase in foreclosure inventory with acceleration in the last two months

Foreclosure Factor to January 2009 by Product Type



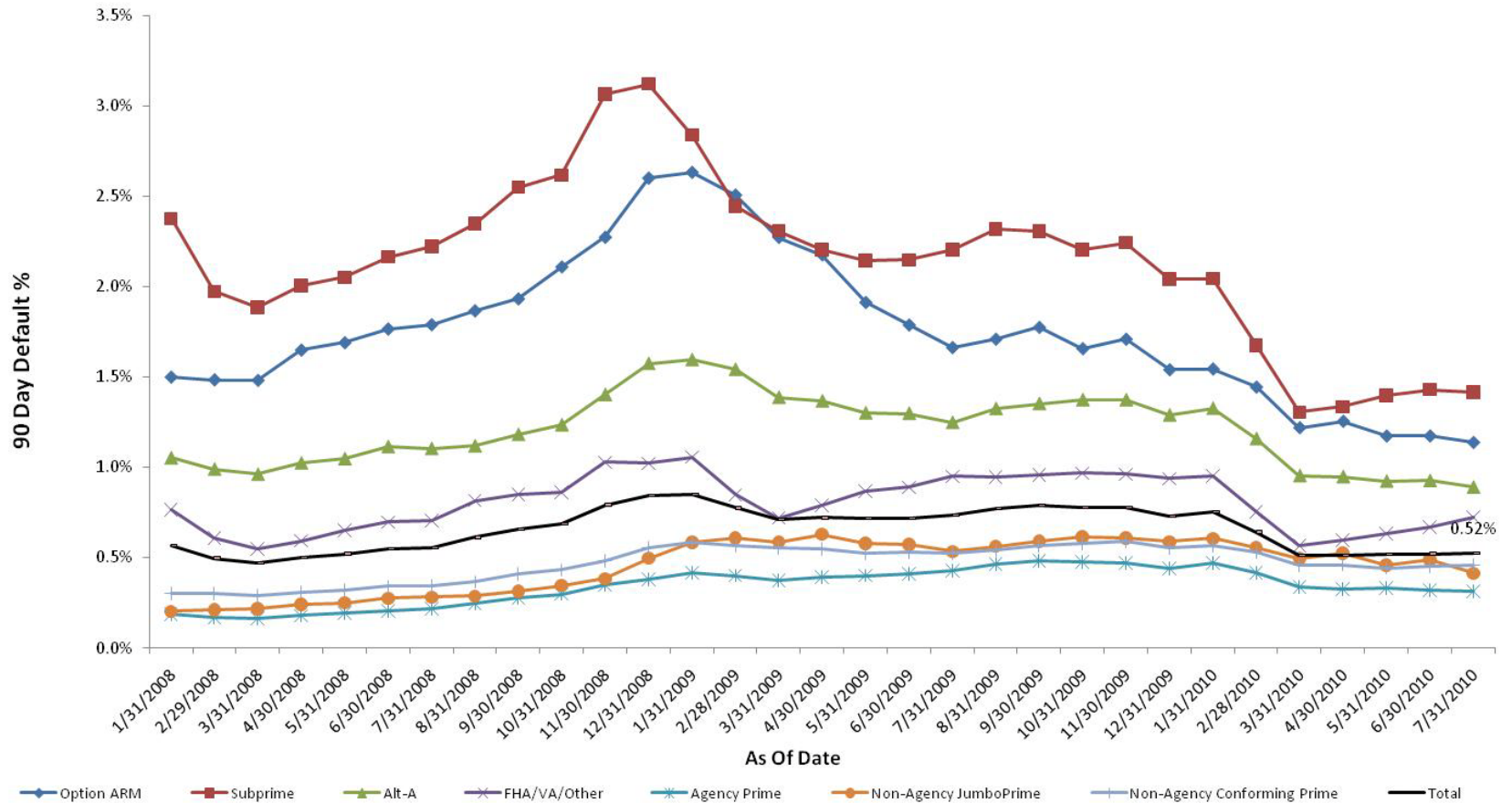
Delinquent and Foreclosure inventories continue to stabilize but have yet to show annual declines

Year over Year Change in Delinquent and Foreclosure Inventory



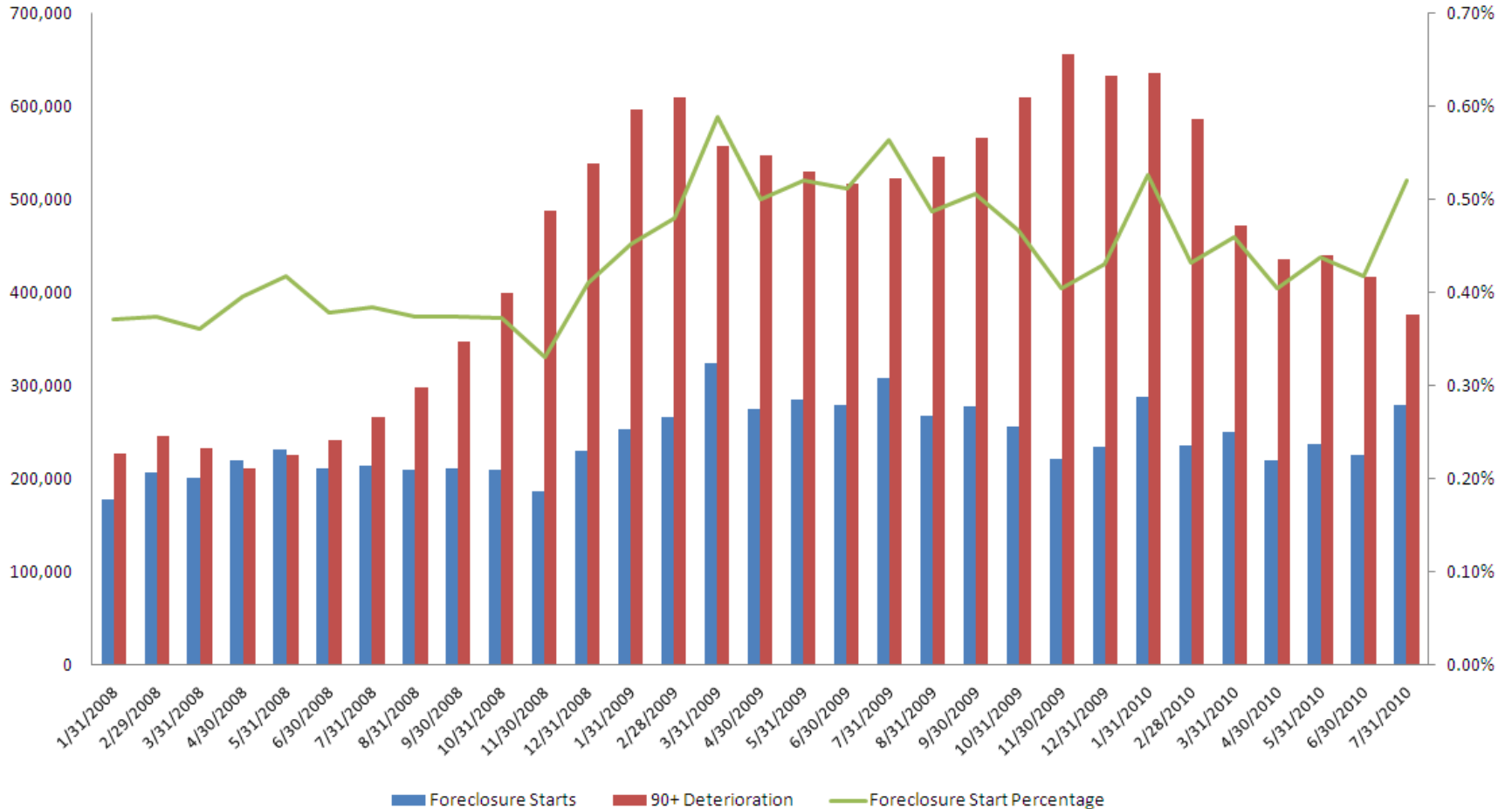
90-Day Default % remains stable at 0.52%

90 Day Default % by Product Type



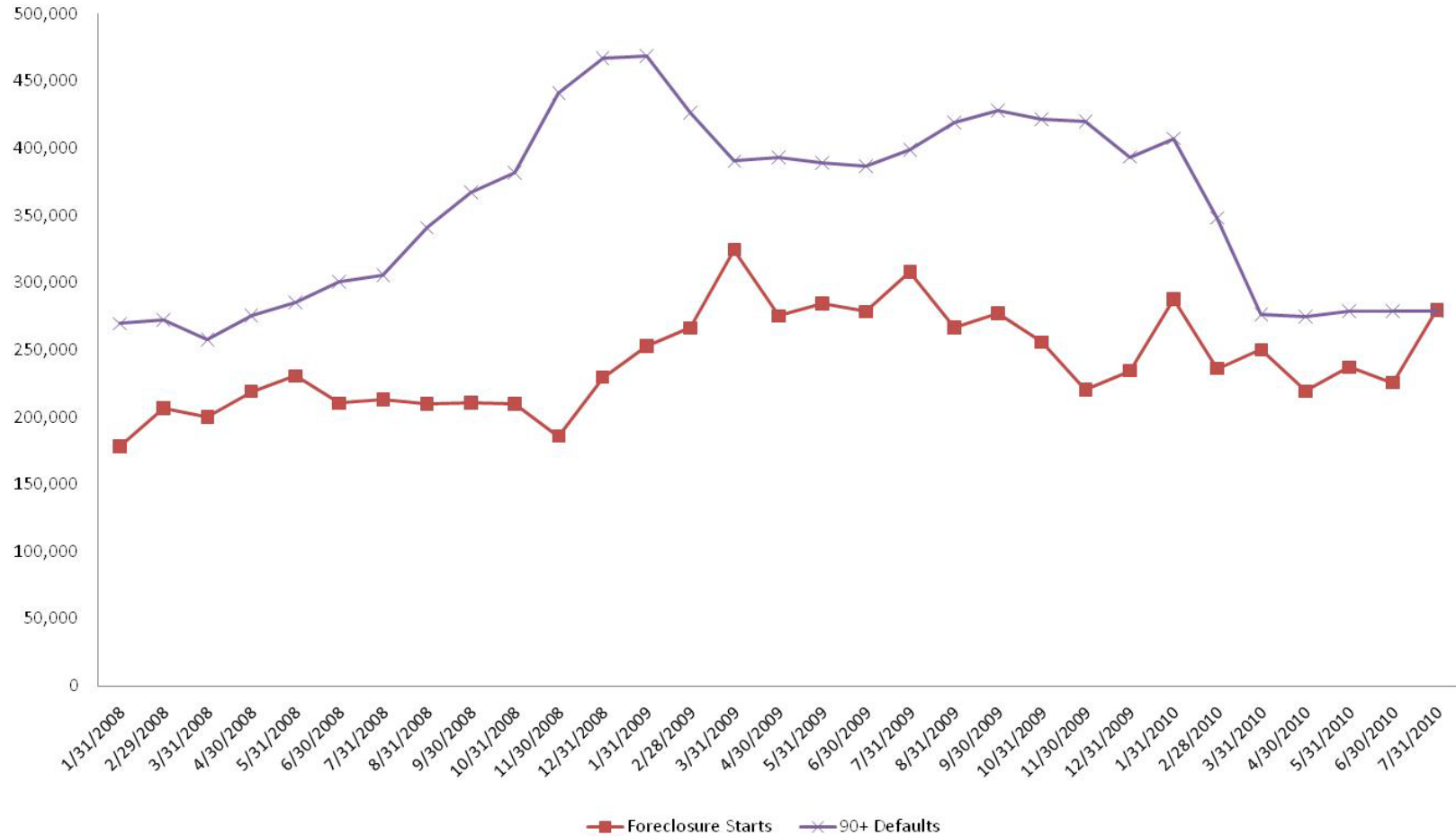
Foreclosure starts increased significantly in July Fourth highest level on record

Foreclosure Starts vs. Serious Deterioration



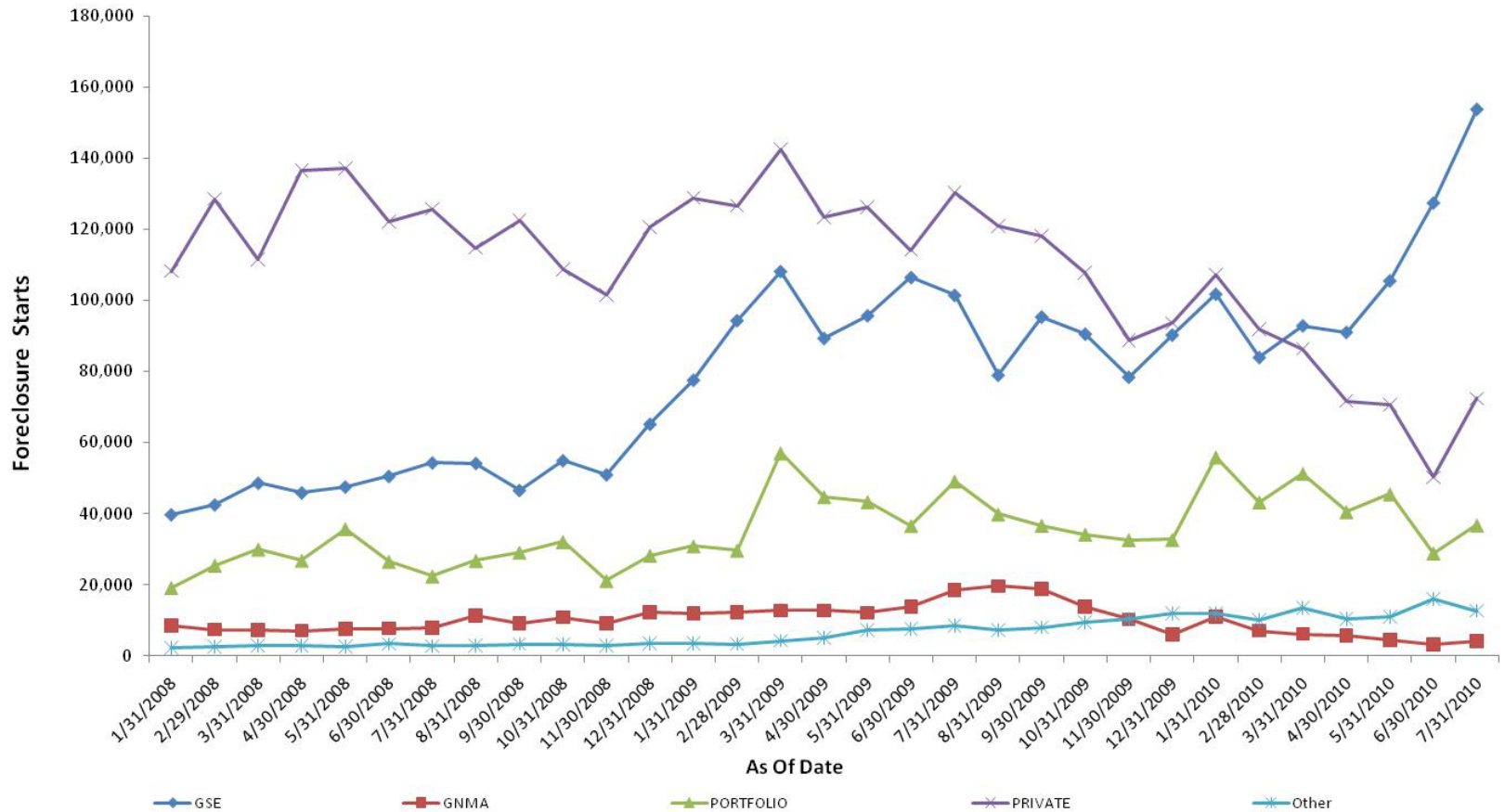
For the first time, new foreclosure starts exceeded new 90-day volume

Foreclosure Starts vs. 90 Day Defaults (new 90s)



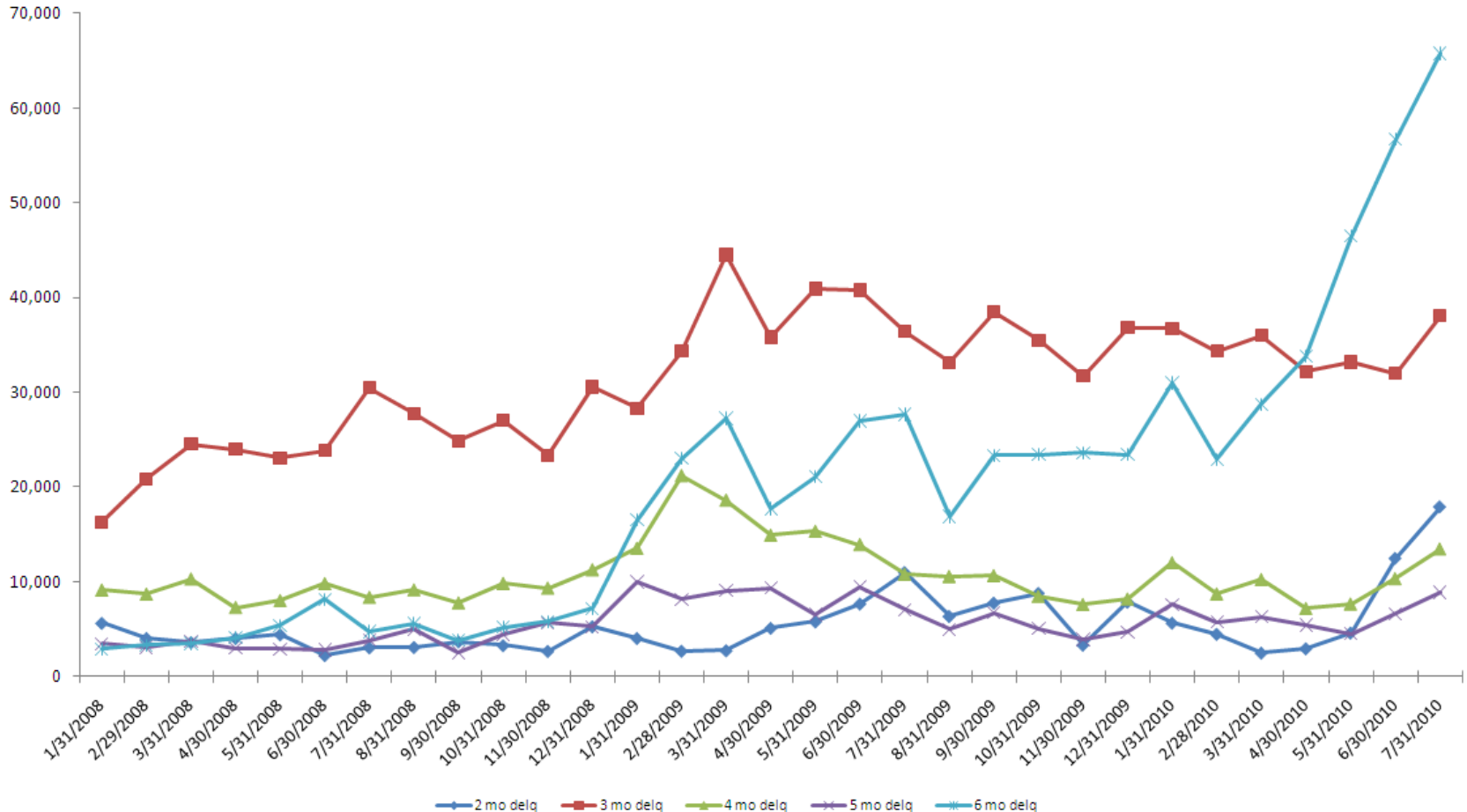
Foreclosure starts on Agency loans have accelerated over the last three months

Foreclosure Starts by Investor



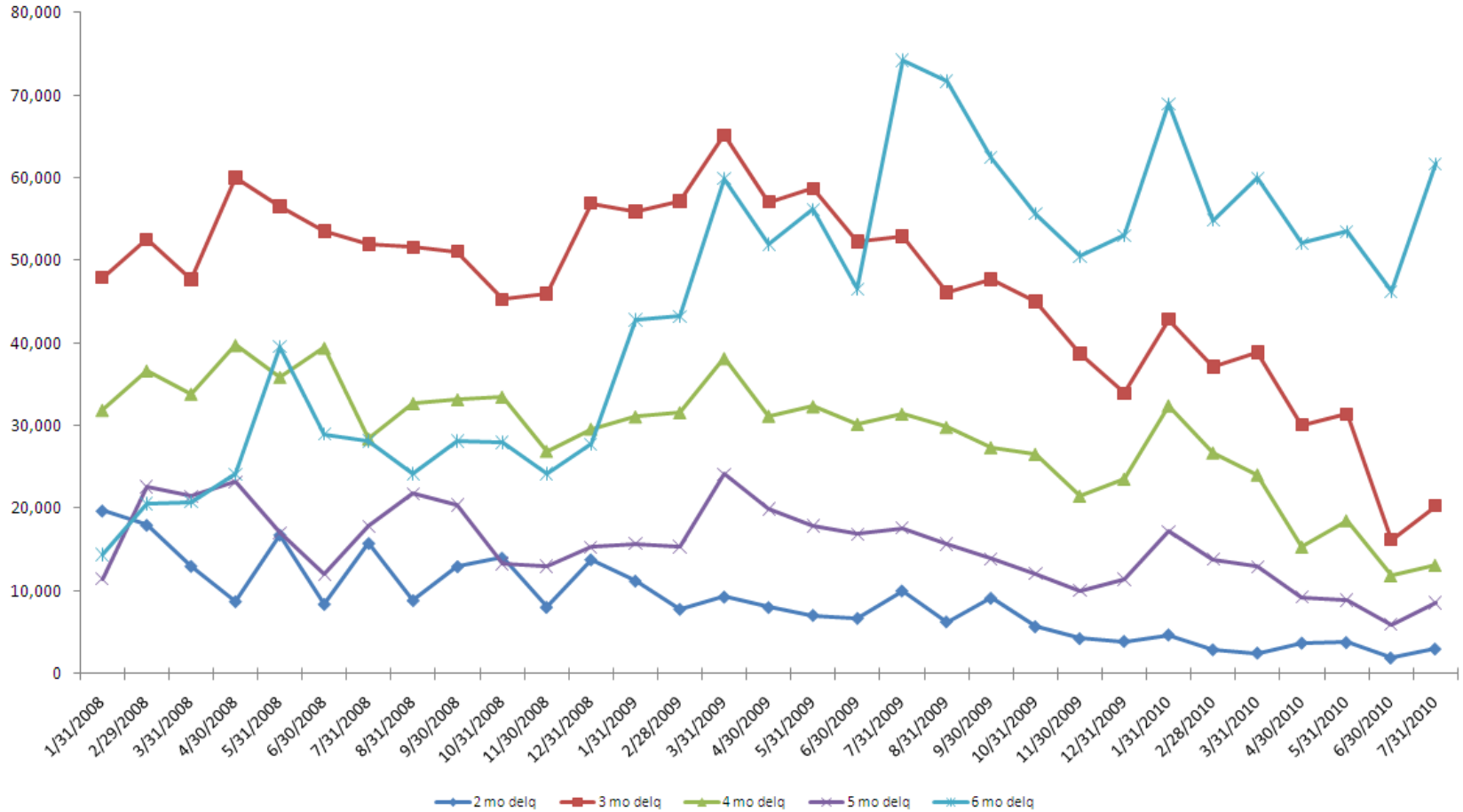
Six or more month delinquent loans continue to dominate Agency foreclosure starts with the rapid acceleration continuing in July
Early stage foreclosure starts have also continued their sharp trend upwards

Foreclosure Starts for GSE Loans by Status



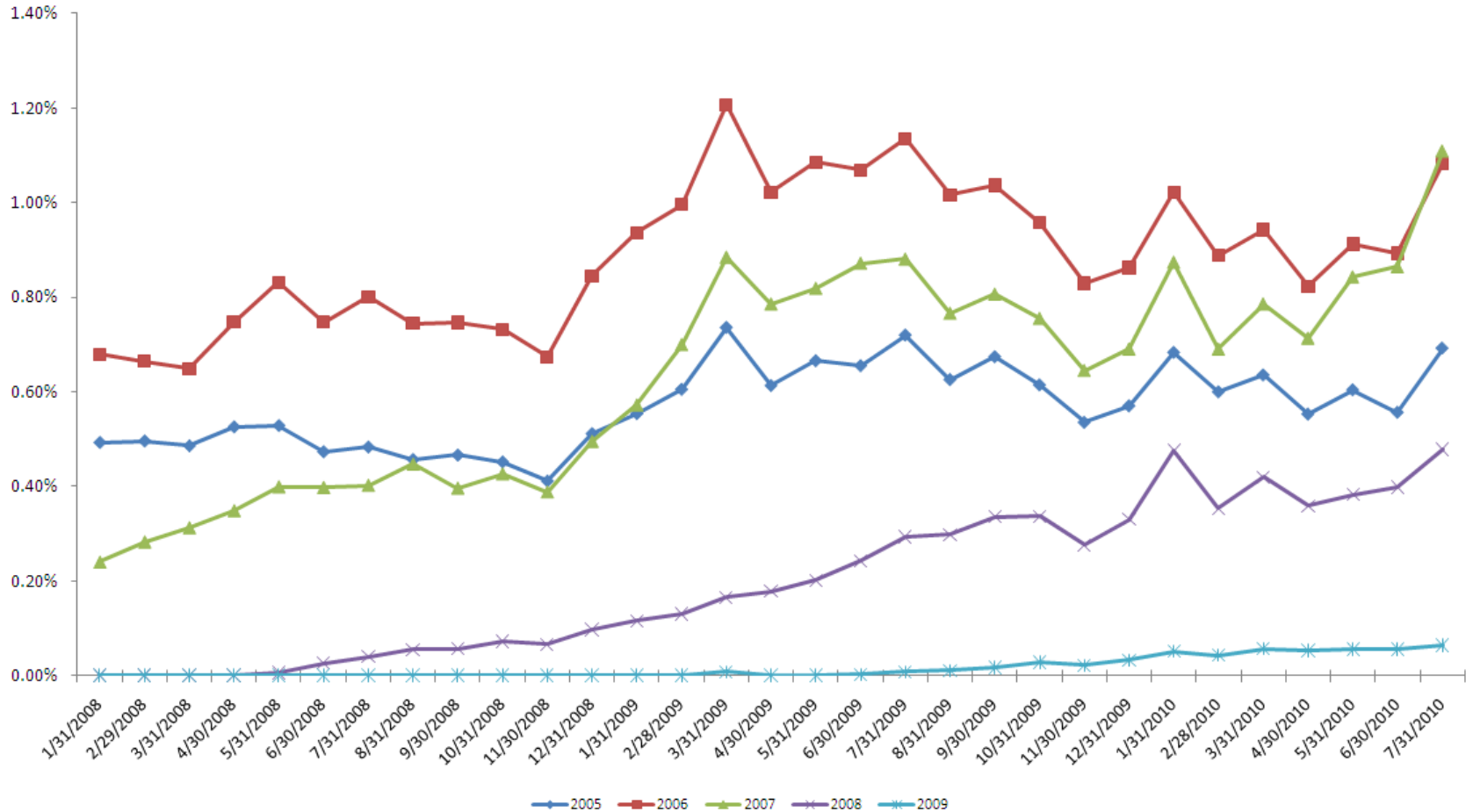
Late stage delinquencies also dominate non-agency foreclosure starts, though have not experienced as sharp an increase over the last several months

Foreclosure Starts for All Non-GSE Loans by Status

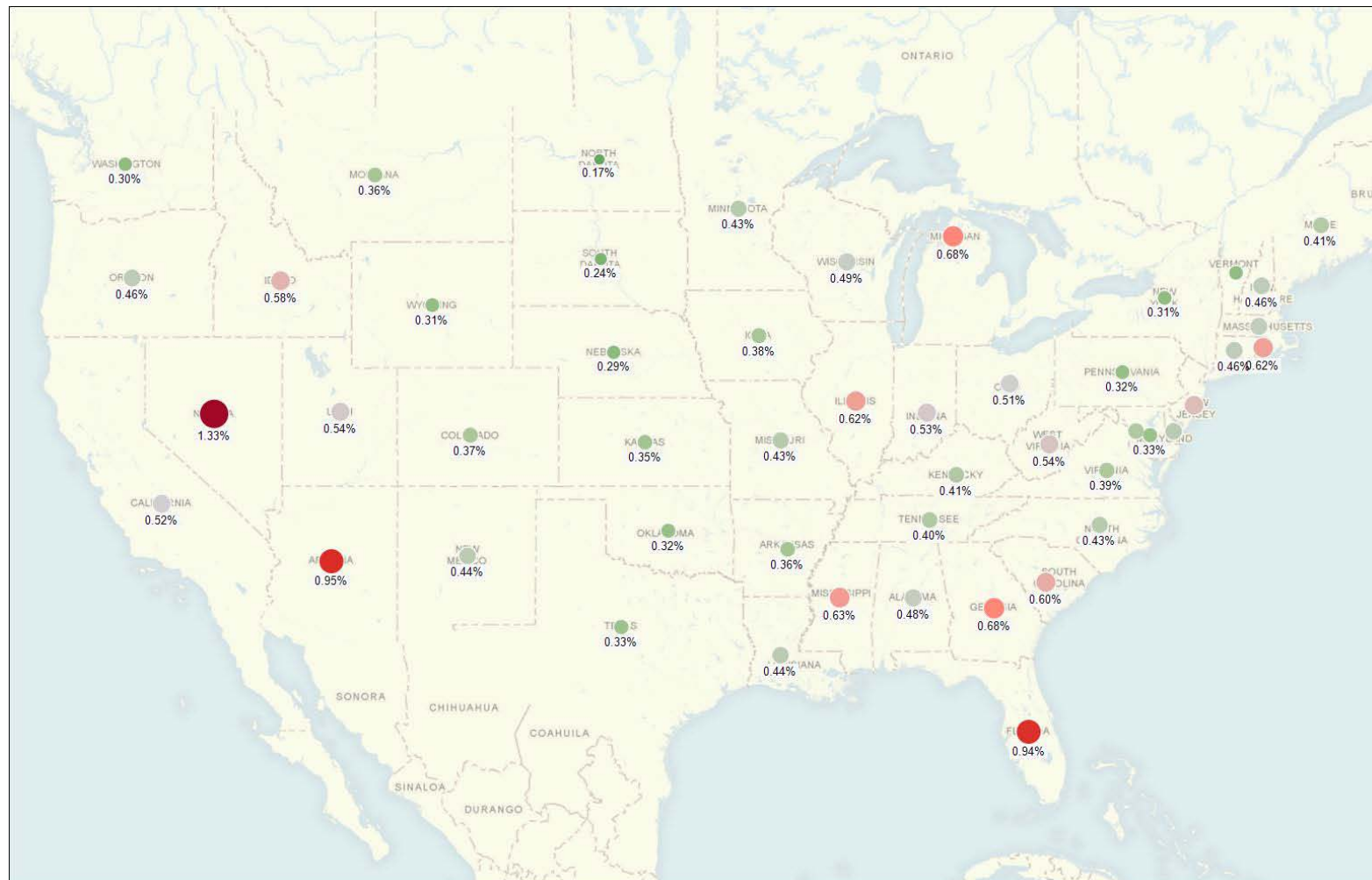


2007 Vintage is now experiencing the highest rate of foreclosure starts

Foreclosure Starts by Vintage



Foreclosure Starts – National Average 0.52%
16 states are above the national average



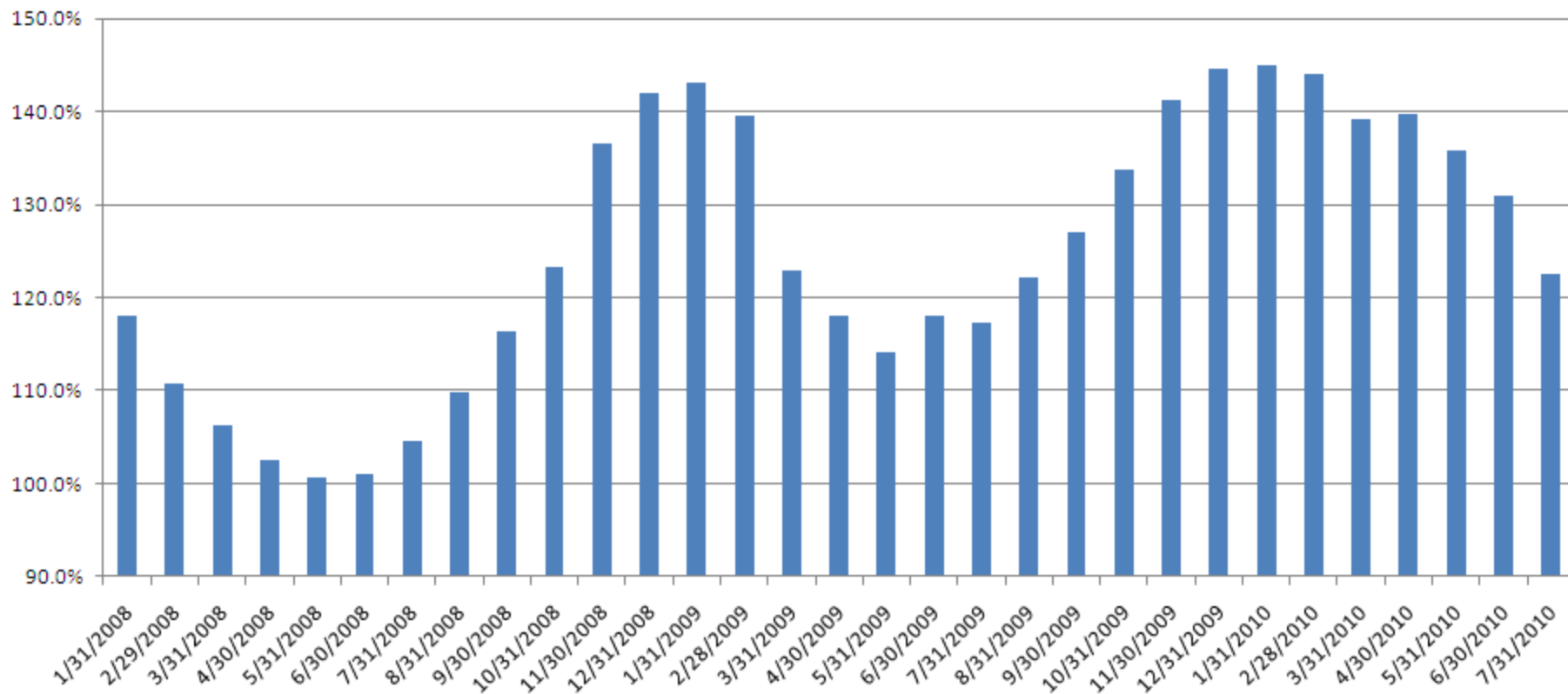
LPS Servicing Database 1st liens – Non-Performing Loan Counts
All delinquency categories declined in July

Month	TOTAL ACTIVE COUNT	30 DAYS	60 DAYS	90+ DAYS	FC	Total Non-Current	Average Days Delinquent for 90+	Average Days Delinquent for FC	Ratio of 90+ to FC
1/31/2009	55,808,731	2,103,948	970,926	1,982,792	1,386,232	6,443,898	196	319	143.0%
2/28/2009	55,634,025	2,028,711	915,254	2,053,604	1,470,975	6,468,544	200	319	139.6%
3/31/2009	55,494,244	1,803,762	857,482	2,013,475	1,638,510	6,313,229	207	321	122.9%
4/30/2009	55,359,209	1,880,223	848,273	2,064,150	1,747,847	6,540,493	212	329	118.1%
5/31/2009	55,020,447	1,994,488	878,584	2,103,953	1,842,709	6,819,734	218	336	114.2%
6/30/2009	54,840,348	1,949,510	881,695	2,195,846	1,861,290	6,888,341	224	343	118.0%
7/31/2009	54,932,955	1,877,854	890,265	2,287,138	1,948,406	7,003,663	230	351	117.4%
8/31/2009	54,881,933	1,973,402	931,297	2,427,046	1,987,260	7,319,005	232	361	122.1%
9/30/2009	54,896,332	1,987,322	951,291	2,584,383	2,034,747	7,557,743	234	372	127.0%
10/31/2009	54,823,357	1,900,795	926,285	2,733,069	2,043,055	7,603,204	239	382	133.8%
11/30/2009	54,715,474	1,997,842	929,425	2,917,765	2,066,667	7,911,699	243	394	141.2%
12/31/2009	54,703,582	1,946,904	932,895	3,005,215	2,077,323	7,962,337	249	406	144.7%
1/31/2010	54,767,403	2,018,656	928,175	3,060,719	2,110,473	8,118,023	257	410	145.0%
2/28/2010	54,646,060	2,013,031	838,874	3,040,456	2,110,777	8,003,138	265	417	144.0%
3/31/2010	54,328,511	1,635,748	747,318	2,865,148	2,059,629	7,307,843	278	426	139.1%
4/30/2010	54,318,242	1,667,267	716,319	2,788,098	1,994,614	7,166,298	286	438	139.8%
5/31/2010	54,175,993	1,835,106	748,446	2,693,309	1,983,965	7,260,826	294	449	135.8%
6/30/2010	54,079,031	1,810,459	766,710	2,588,843	1,976,907	7,142,919	300	461	131.0%
7/31/2010	53,929,920	1,788,355	761,697	2,473,087	2,018,848	7,041,987	306	469	122.5%



The volume of 90+ delinquencies relative to foreclosure inventory continues to decline, but still remains elevated with a large volume of “overhang”

Ratio of 90+ to Foreclosure Inventory



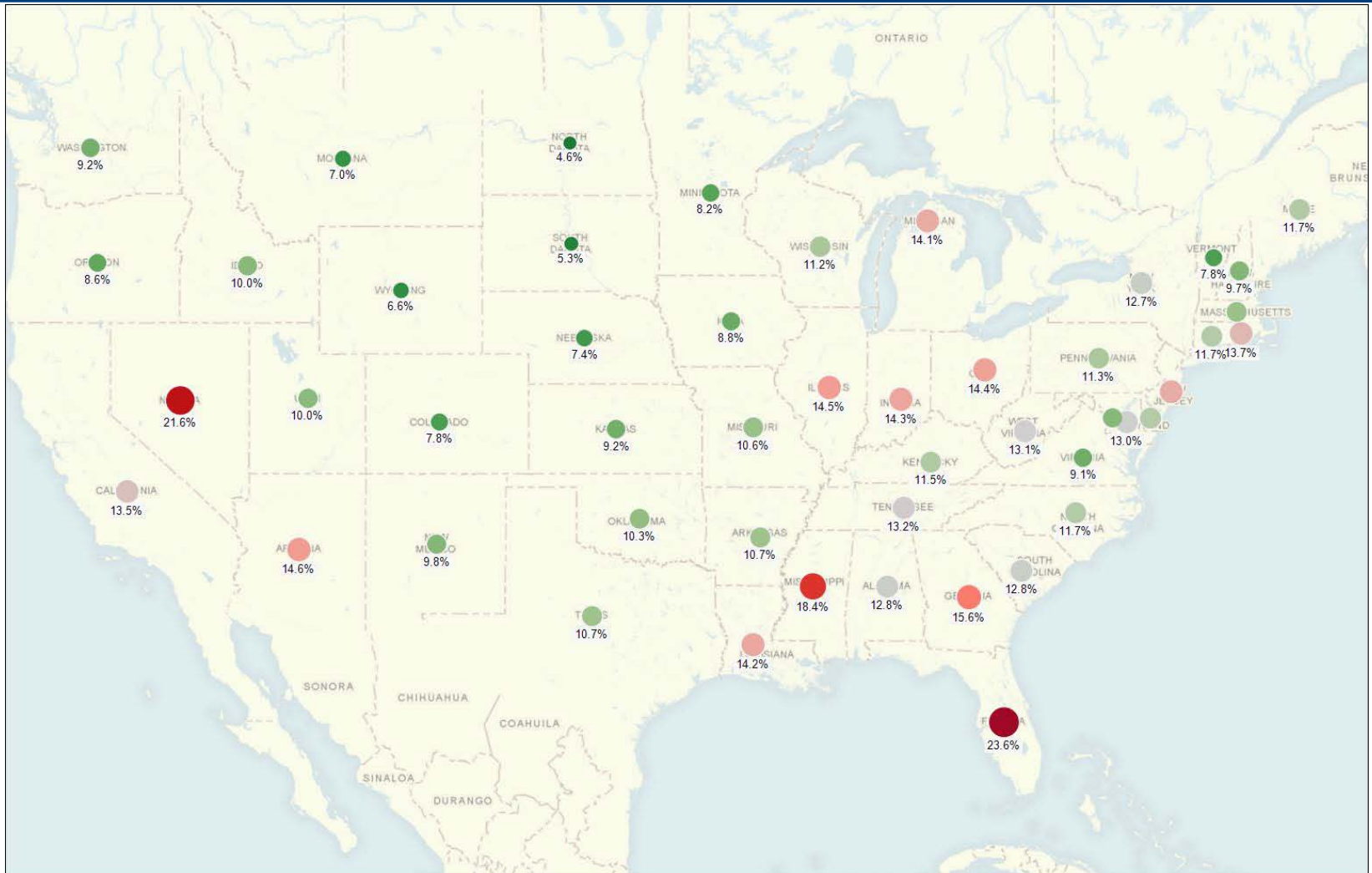
Delinquency and Foreclosure Rate Table Ranked based on Non-Current %

<u>State</u>	<u>Delinquency %</u>	<u>Foreclosure Inventory %</u>	<u>Non-Current %</u>	<u>6 Month Change in Non-Current %</u>
National	9.33%	3.75%	13.08%	-11.75%
FL	10.8%	12.8%	23.6%	-8.3%
NV	13.0%	8.6%	21.6%	-8.0%
MS	15.6%	2.8%	18.4%	-12.4%
GA	12.7%	2.9%	15.6%	-11.7%
AZ	10.4%	4.1%	14.6%	-15.5%
IL	9.4%	5.1%	14.5%	-9.1%
OH	10.3%	4.1%	14.4%	-10.6%
IN	10.4%	3.8%	14.3%	-11.9%
LA	11.0%	3.2%	14.2%	-12.3%
MI	11.1%	2.9%	14.1%	-13.6%
NJ	8.4%	5.7%	14.1%	-7.3%
RI	10.5%	3.3%	13.7%	-11.8%
CA	10.1%	3.4%	13.5%	-14.5%
TN	11.5%	1.7%	13.2%	-12.7%
WV	11.0%	2.1%	13.1%	-12.6%
MD	10.0%	3.0%	13.0%	-12.6%
SC	9.7%	3.1%	12.8%	-12.0%
AL	11.2%	1.5%	12.8%	-13.7%
NY	8.6%	4.0%	12.7%	-8.5%
HI	7.2%	4.7%	11.9%	-9.3%
DE	8.2%	3.5%	11.8%	-10.0%
NC	9.8%	1.9%	11.7%	-12.0%
CT	8.0%	3.6%	11.7%	-12.6%
ME	7.8%	3.9%	11.7%	-10.2%
KY	8.7%	2.8%	11.5%	-9.4%

<u>State</u>	<u>Delinquency %</u>	<u>Foreclosure Inventory %</u>	<u>Non-Current %</u>	<u>6 Month Change in Non-Current %</u>
PA	8.7%	2.6%	11.3%	-12.1%
WI	7.8%	3.4%	11.2%	-9.0%
AR	9.1%	1.7%	10.7%	-13.4%
TX	9.2%	1.5%	10.7%	-14.3%
MA	8.1%	2.5%	10.6%	-14.5%
MO	9.0%	1.6%	10.6%	-13.6%
OK	7.8%	2.5%	10.3%	-11.7%
UT	7.5%	2.5%	10.0%	-9.4%
ID	7.0%	3.0%	10.0%	-11.0%
DC	7.6%	2.3%	9.9%	-10.9%
NM	7.1%	2.7%	9.8%	-11.9%
NH	7.9%	1.9%	9.7%	-13.9%
WA	7.3%	1.9%	9.2%	-4.3%
KS	7.4%	1.8%	9.2%	-11.1%
VA	7.4%	1.6%	9.1%	-15.7%
IA	6.2%	2.6%	8.8%	-11.8%
OR	6.0%	2.6%	8.6%	-7.2%
MIN	6.1%	2.1%	8.2%	-14.6%
VT	5.4%	2.4%	7.8%	-11.2%
CO	5.9%	1.9%	7.8%	-12.0%
NE	6.0%	1.4%	7.4%	-13.9%
MT	5.1%	1.9%	7.0%	-9.9%
WY	5.3%	1.3%	6.6%	-11.6%
AK	5.1%	1.2%	6.3%	-9.4%
SD	4.1%	1.2%	5.3%	-11.0%
ND	3.7%	0.9%	4.6%	-12.8%

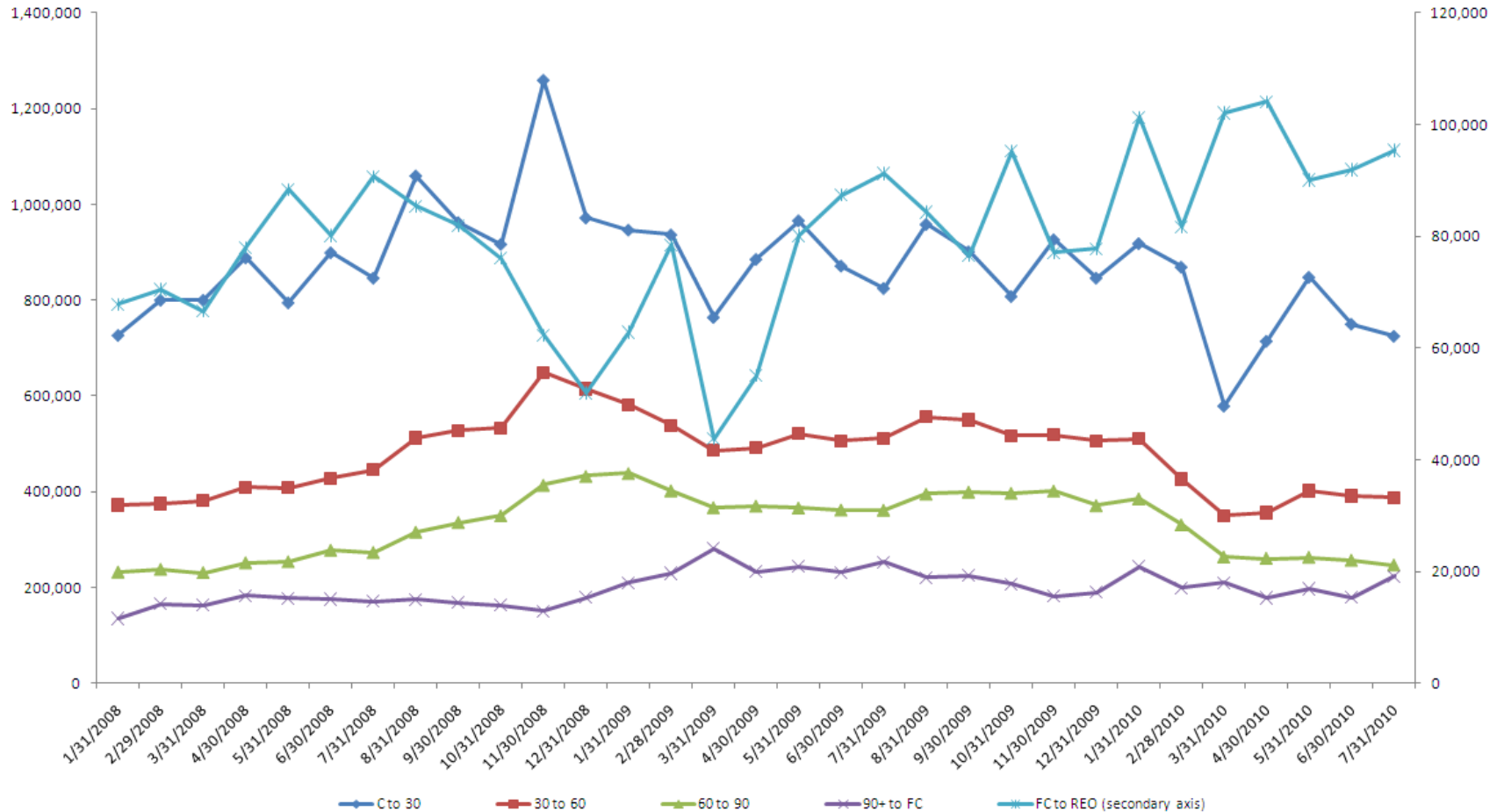


Total Non-Current (including Delinquencies and Foreclosures) by State National Average = 13.08%



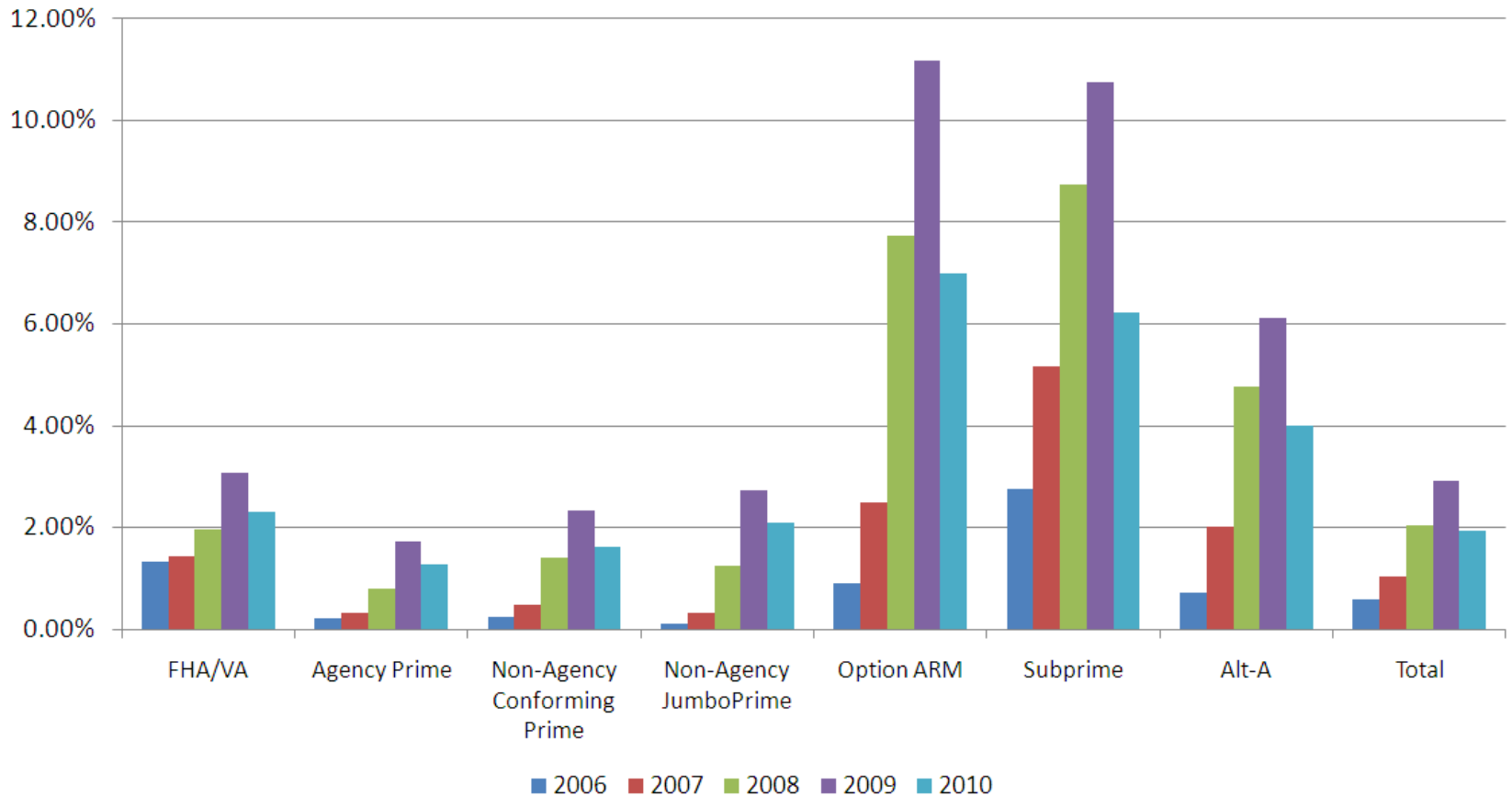
***“New 30s” declined slightly again in July but remain above the March lows
New REOs continue to edge upwards***

Loans Rolling to a More Delinquent Status for All Loans

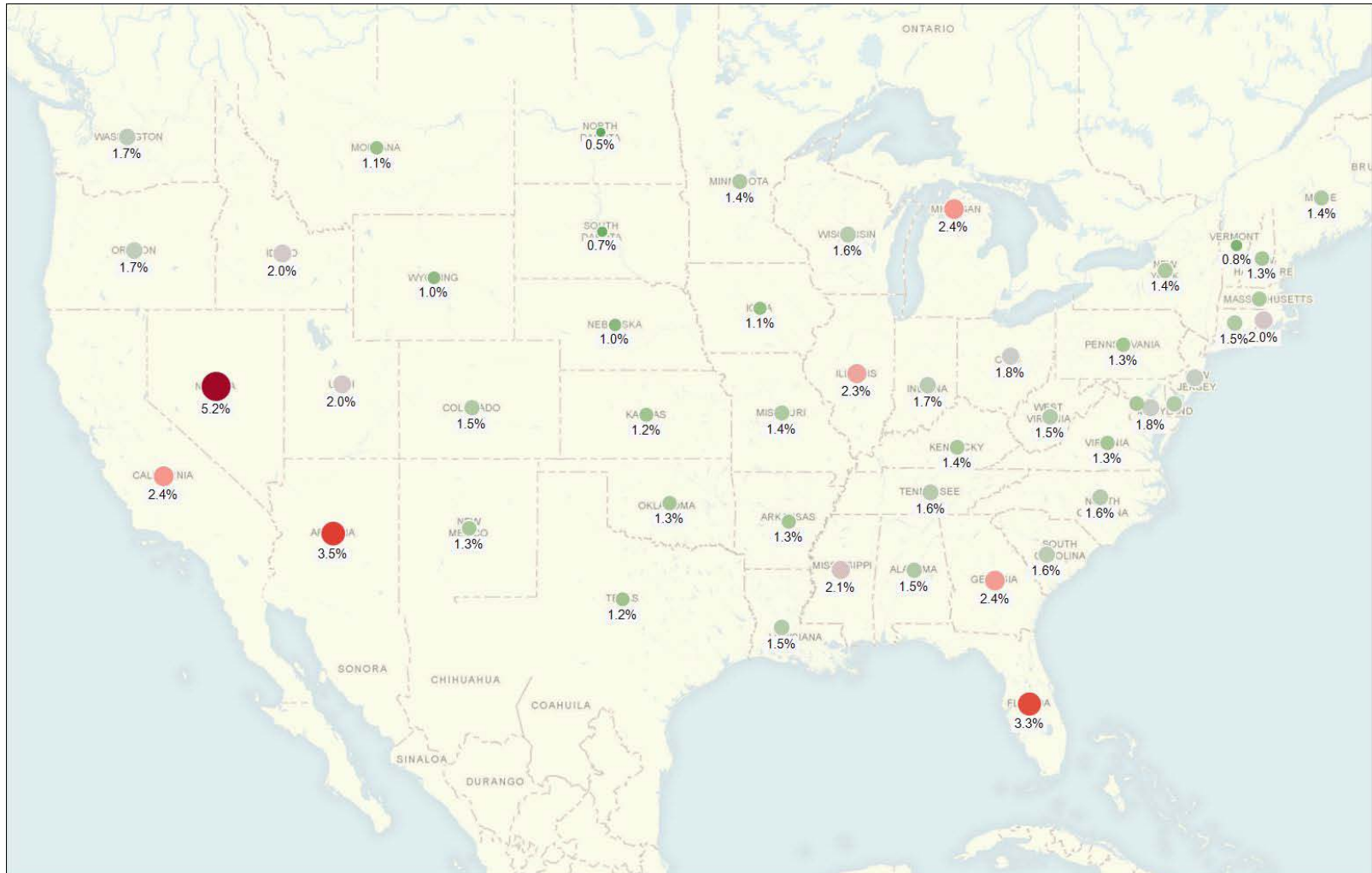


**Approximately 895k loans were current at the beginning of January and are at least 60 days delinquent or in foreclosure as of July month end
(Prior years are: 1,434k in 2009, 897k in 2008)**

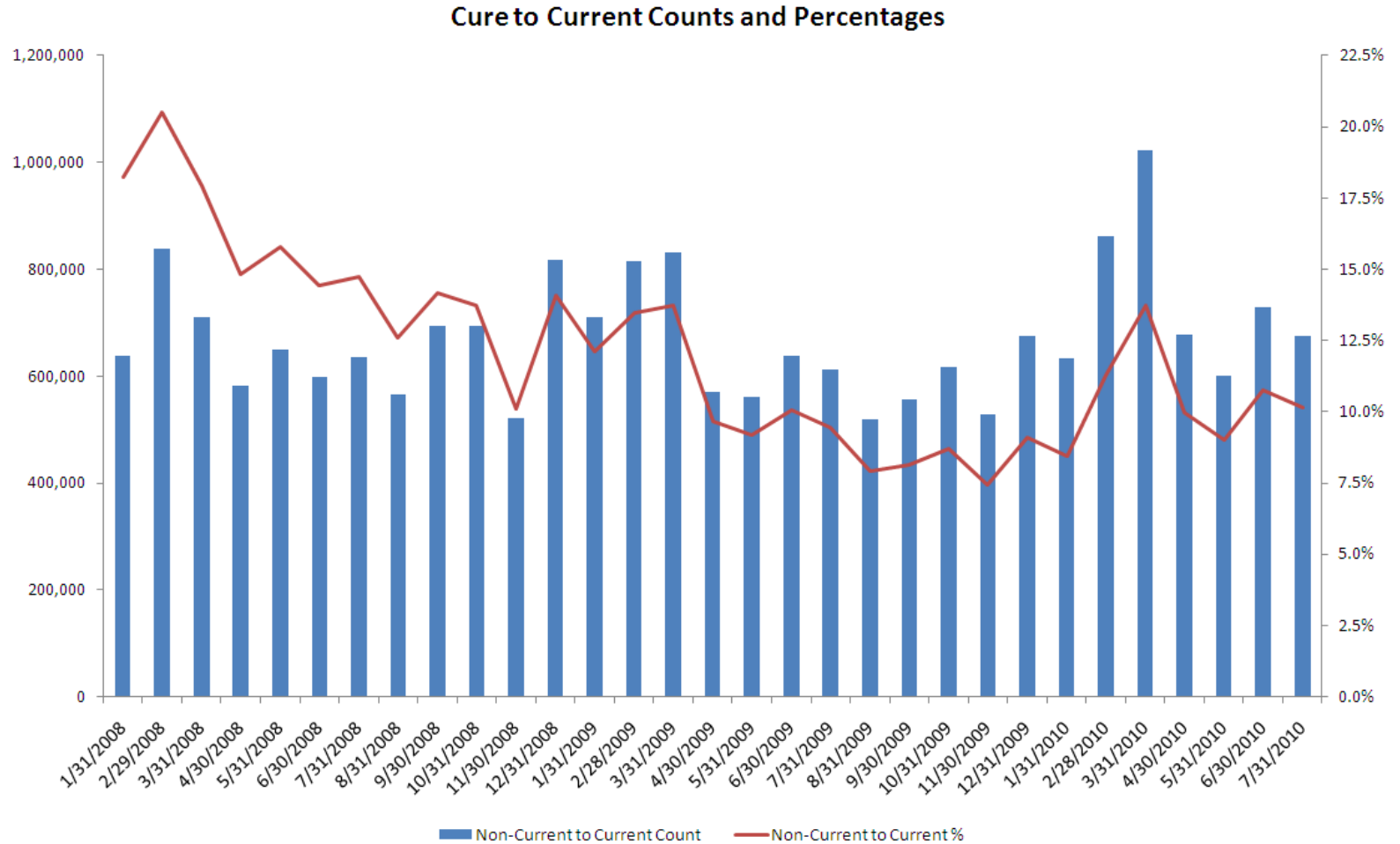
Percentage of loans that were current at the beginning of the year and 60+ or in Foreclosure in July by Calendar Year



New problem loans are still elevated in Nevada, Arizona, Florida and California with Michigan and Illinois not far behind

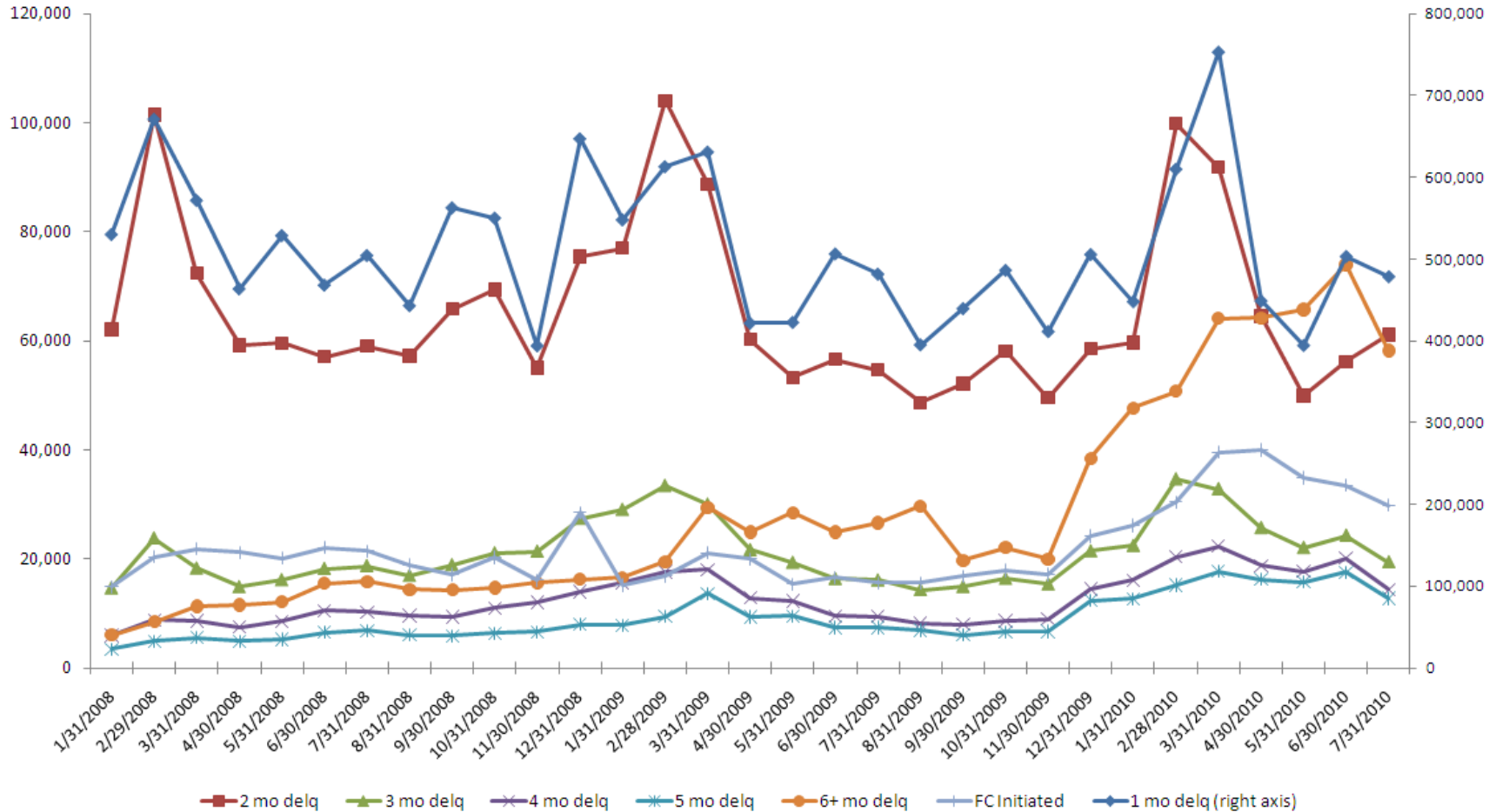


Total cure volume declined slightly in July

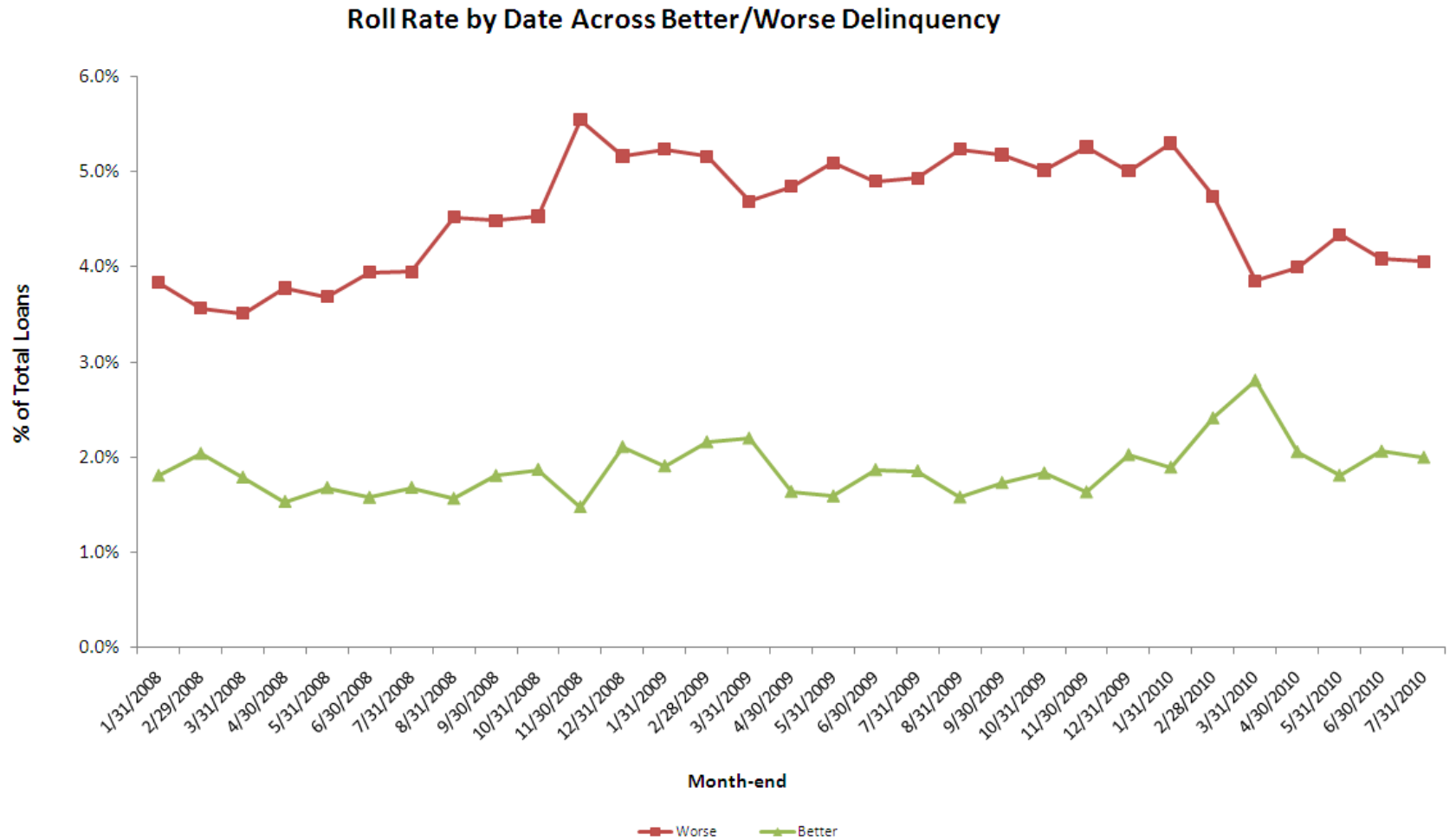


**Cure rates from six or more months delinquent declined in July
Only 60 day cures increased for the month**

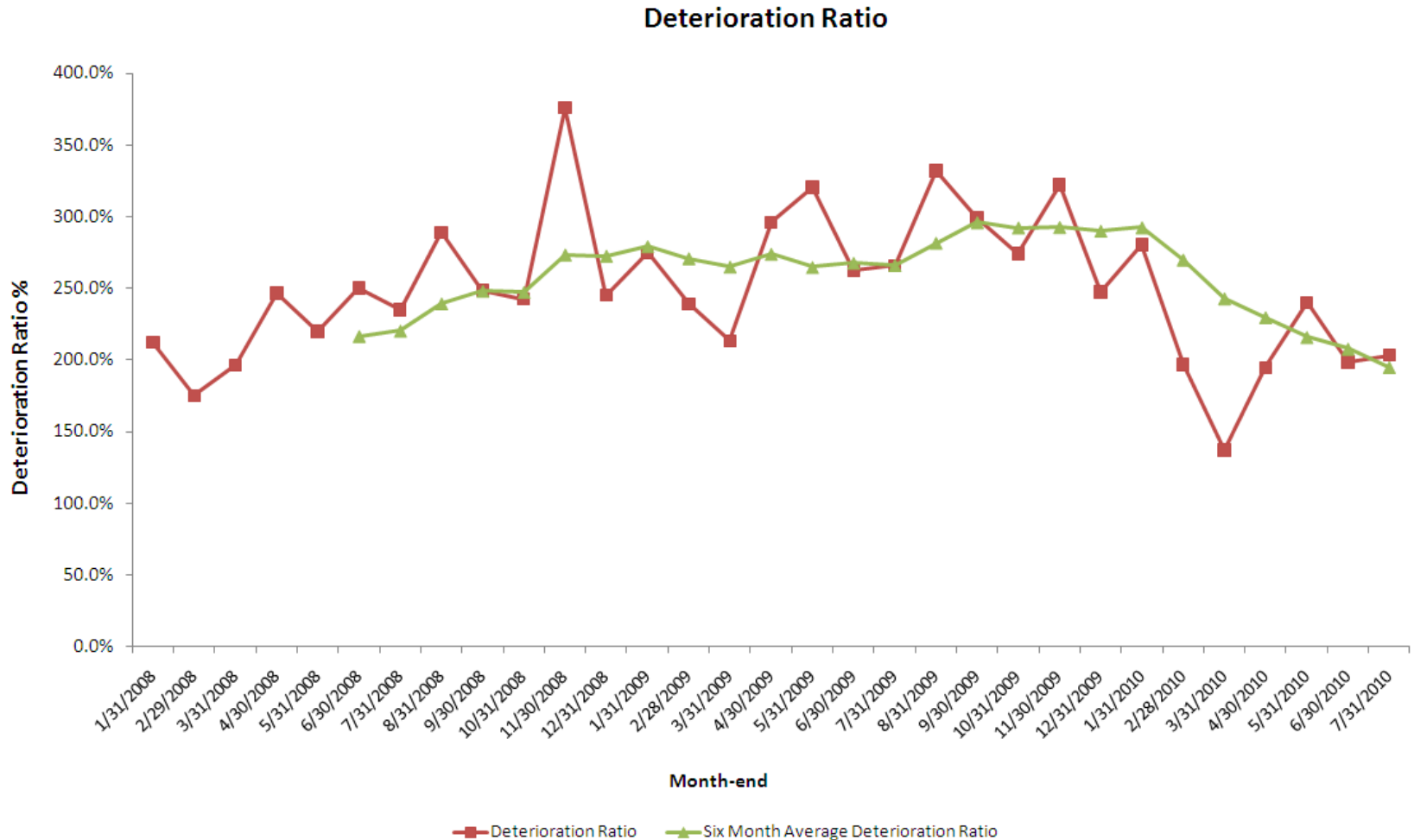
Count of Loans that Cure by Previous Month Status



Deterioration rates have held stable over the prior four months

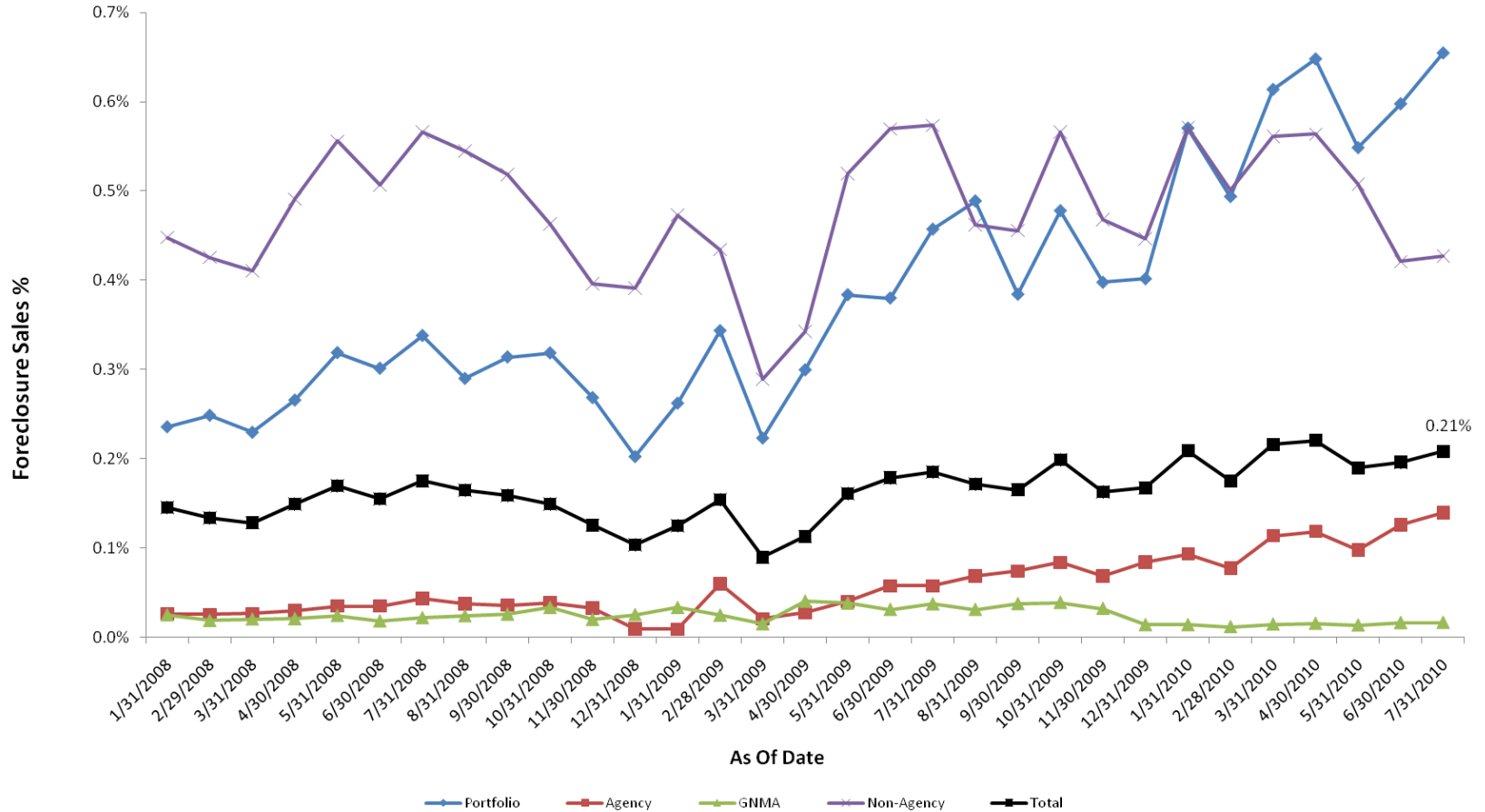


The six month moving average deterioration ratio has shown a steady decline over the last 7 months



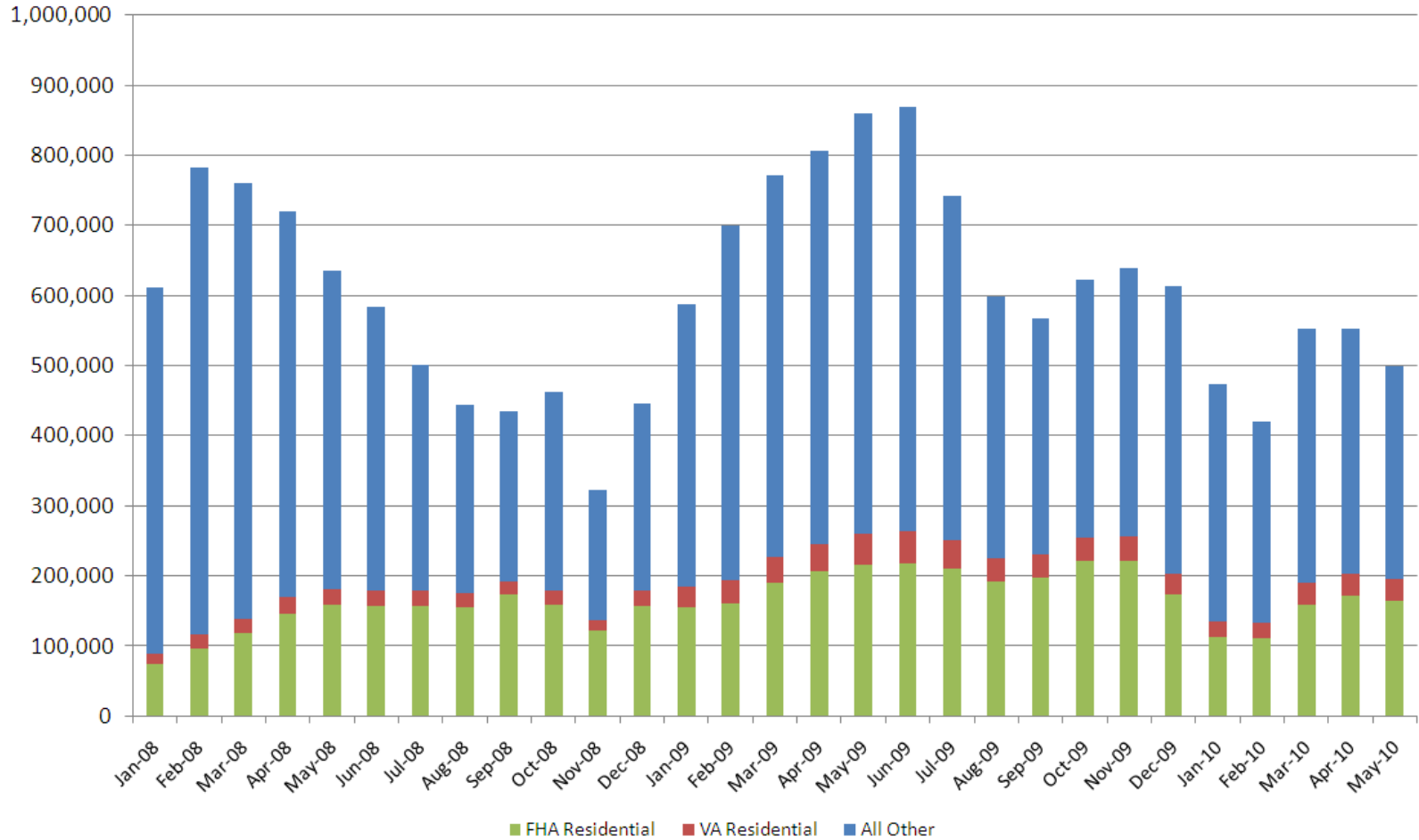
Foreclosure sale rate (as a percent of total loans) = 0.21%

Foreclosure Sales by Investor as a Percentage of total loans

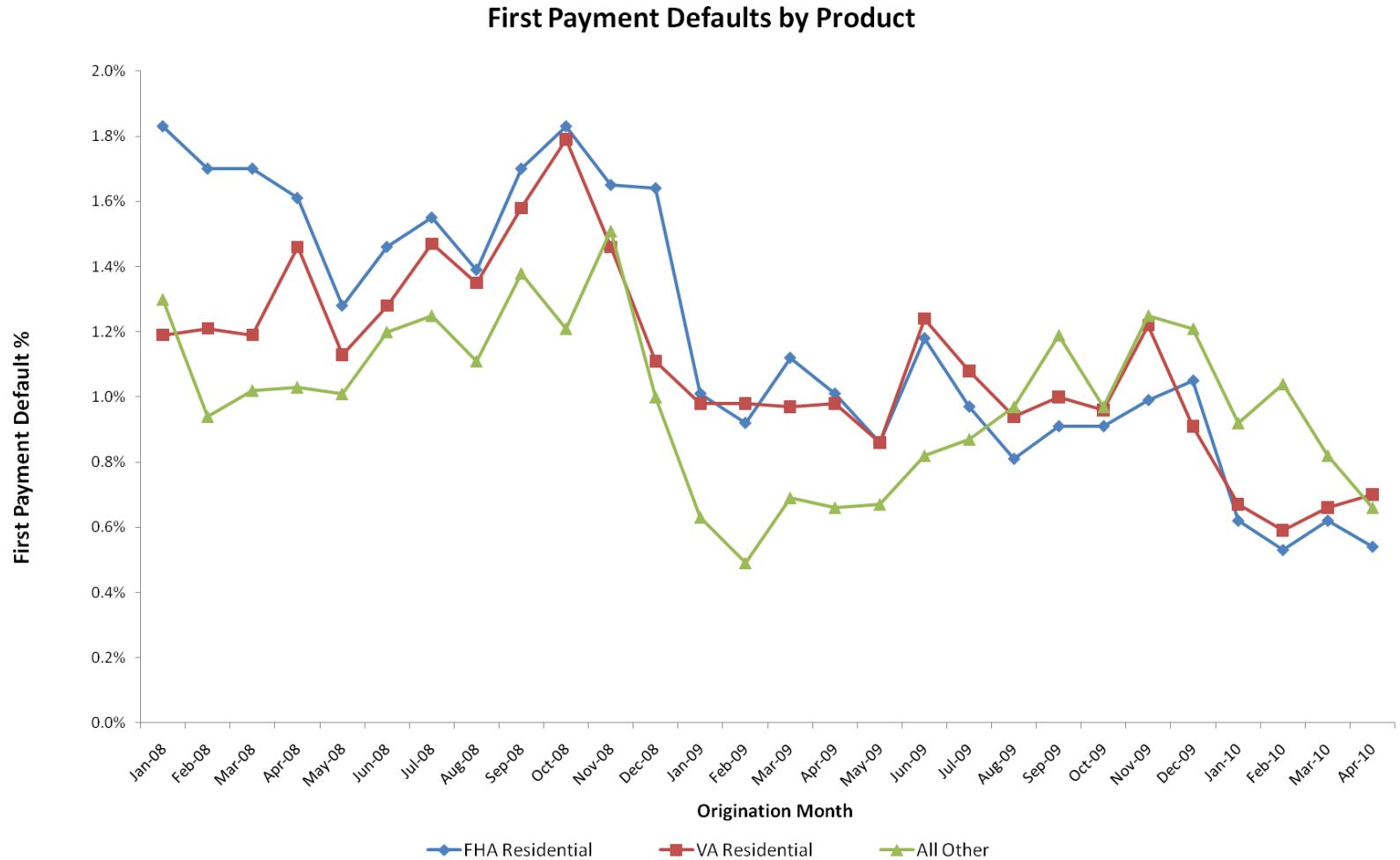


Production by Origination Month

Origination by FHA and Other



First-payment defaults remain historically low



July 2010 Month-end data: Conclusions

- Delinquencies continue to decline, but remain elevated vs. historical levels. Seasonal trends have been muted and the transition of seriously delinquent loans into foreclosure is accelerating.
- Foreclosure starts increased to the fourth highest level on record with rebounds in the portfolio and private markets compounding the recent acceleration in agency foreclosure starts leading to a significant jump in rates.
- GSE foreclosure starts are accelerating along with HAMP cancellations, with most of the increase and volume concentrated in the 6+ month delinquent category.
- The ratio of 90+ to foreclosure inventory continues to decline as foreclosure starts have begun to move the seriously delinquent inventory.
- Though the overall delinquency volumes have decreased there are still historically high levels of newly delinquent loans still entering the system.
- Cure volume dropped in the 6+ month category as the level of “permanent” HAMP modifications begins to wane.
- In line with the home sale data being released - originations remain very low, with stricter underwriting driving very low first payment default rates.

LPS Applied Analytics: Mortgage Monitor Disclosures

Includes product definition and extrapolation methodology updates implemented with the June month-end data

Disclosure Page: Product Definitions as of June month-end Data

Product Waterfall	English
Seconds (excluded from Mortgage Monitor Statistics)	Mortgage Type is "Second Lien"
Government	Product Type is "FHA" or "VA" or Investor is "GNMA"
Agency Prime	Mortgage Type is "First Grade A" and Investor is "Fannie Mae" or "Freddie Mac"
Option ARM	Negative Amortization is "Allowed"

Credit score for the following products is at time of origination - if no credit score is available, products are categorized based on the interest type and spread at origination matrix below

Subprime	Mortgage Type is "First Grade BC" or Credit Score is less than 620
Alt A	Credit score is between 680 and 719 and the loan is not a full documentation loan or credit score is between 620 and 679 with full documentation
Jumbo Prime	Original loan amount is above the conforming limit and credit score is greater than or equal to 680 with full documentation or greater than or equal to 720 otherwise.
Non-Agency Conforming Prime	Original loan amount is below the conforming limit and credit score is greater than or equal to 60 for full documentation or greater than or equal to 720 otherwise.

	Fixed Rate	ARMs
Prime	< 100 bps	< 270 bps
Alt-A	100 - 249 bps	270-369 bps
Subprime	>= 250 bps	>= 370 bps

*Conforming limits do not account for temporary or high-cost area increases.



Disclosure Page: Metrics Definitions

- **Total Active Count:** All active loans as of month-end including loans in any state of delinquency or foreclosure. Post-sale loans and loans in REO are excluded from the total active count.
- **Delinquency Statuses (30, 60, 90+, etc):** All delinquency statuses are calculated using the MBA methodology based on the payment due date provided by the servicer. Loans in foreclosure are reported separately and are not included in the MBA days delinquent.
- **90 Day Defaults:** Loans that were less than 90 days delinquent in the prior month and were 90 days delinquent, but not in foreclosure, in the current month.
- **Foreclosure Inventory:** The servicer has referred the loan to an attorney for foreclosure. Loans remain in foreclosure inventory from referral to sale.
- **Foreclosure Starts** – Any active loan that was not in foreclosure in the prior month that moves into foreclosure inventory in the current month.
- **Non-Current:** Loans in any stage of delinquency or foreclosure.
- **Foreclosure Sale / New REO:** Any loan that was in foreclosure in the prior month that moves into post-sale status or is flagged as a foreclosure liquidation.
- **REO:** The loan is in post-sale foreclosure status. Listing status is not a consideration, this includes all properties on and off the market.
- **Deterioration Ratio:** The ratio of the percentage of loans deteriorating in delinquency status vs. those improving.

Disclosure Page: Product Shifts pre and post-June 2010 Report

The table below contains the counts using the definitions implemented with the June 2010 and the change in count and percentage from those used prior.

Counts are based on May 2010 Data – Active Loans (excludes post-sale and paid in full)

Product	New Definitions	Difference	Percentage Change
Agency Prime	22,787,349	100,792	0.44%
Alt A	1,494,715	389,386	35.23%
FHA/VA/Government	6,327,871	1,004,412	18.87%
Non-Agency Jumbo Prime	1,009,922	128,667	14.60%
Non-Agency Conforming Prime	2,217,175	728,503	48.94%
Option ARM	740,272	-38,271	-4.92%
Subprime	1,574,975	-204,456	-11.49%
Other	56,339	-2,109,033	-97.40%
Total	36,208,618	0	0.00%

Disclosure Page: Product Shift Matrix, pre and post-June 2010 Report

Counts are based on May 2010 Data – Active Loans (excludes post-sale and paid in full)

New Definitions	Old Product Definitions								Grand Total
	Agency Prime	Alt-A	Government	Non-Agency Conforming Prime	Non-Agency Jumbo Prime	Option ARM	Subprime	Other	
Agency Prime	22,652,019					135,330			22,787,349
Alt A		958,380						536,335	1,494,715
FHA / VA / Government	34,538	114,862	5,323,459	106,422	3,530	1,356	274,138	469,566	6,327,871
Non-Agency Conforming Prime				1,368,292				848,883	2,217,175
Non-Agency Jumbo Prime					839,920			170,002	1,009,922
Option ARM		32,087		13,958	37,805	641,857	4,359	10,206	740,272
Subprime							1,500,934	74,041	1,574,975
Other								56,339	56,339
Grand Total	22,686,557	1,105,329	5,323,459	1,488,672	881,255	778,543	1,779,431	2,165,372	36,208,618



Disclosure Page: Industry Extrapolations pre and post-June 2010 Report

- Mortgage metrics reports produced prior to June 2010 used the following extrapolation method when estimating full industry numbers:
 - Active loans (non-REO) are extrapolated based on a 70% market-share assumption.
 - REO loans prior to March 2009 are extrapolated based on a 40% market-share assumption
 - REO loans from March 2009 on contain an additional adjustment for under-reporting by a specific client.

- Mortgage metrics reports produced from June 2010 on extrapolate based on vintage and product. Product coverage is highlighted below. Loan counts and extrapolation are based on May 2010 active loan counts (excludes post-sale and paid in full):

Grade	LPS Count	Extrapolated Count	Coverage Ratio
Agency Prime	22,787,349	32,553,354	70.0%
Alt A	1,494,715	2,670,322	56.0%
FHA/VA	6,327,871	9,039,816	70.0%
Non-Agency Conforming Prime	2,217,175	3,386,269	65.5%
Non-Agency Jumbo Prime	1,009,922	1,219,146	82.8%
Option ARM	740,272	1,132,412	65.4%
Subprime	1,574,975	4,094,189	38.5%
Other	56,339	80,485	70.0%
Grand Total	36,208,618	54,175,993	66.8%

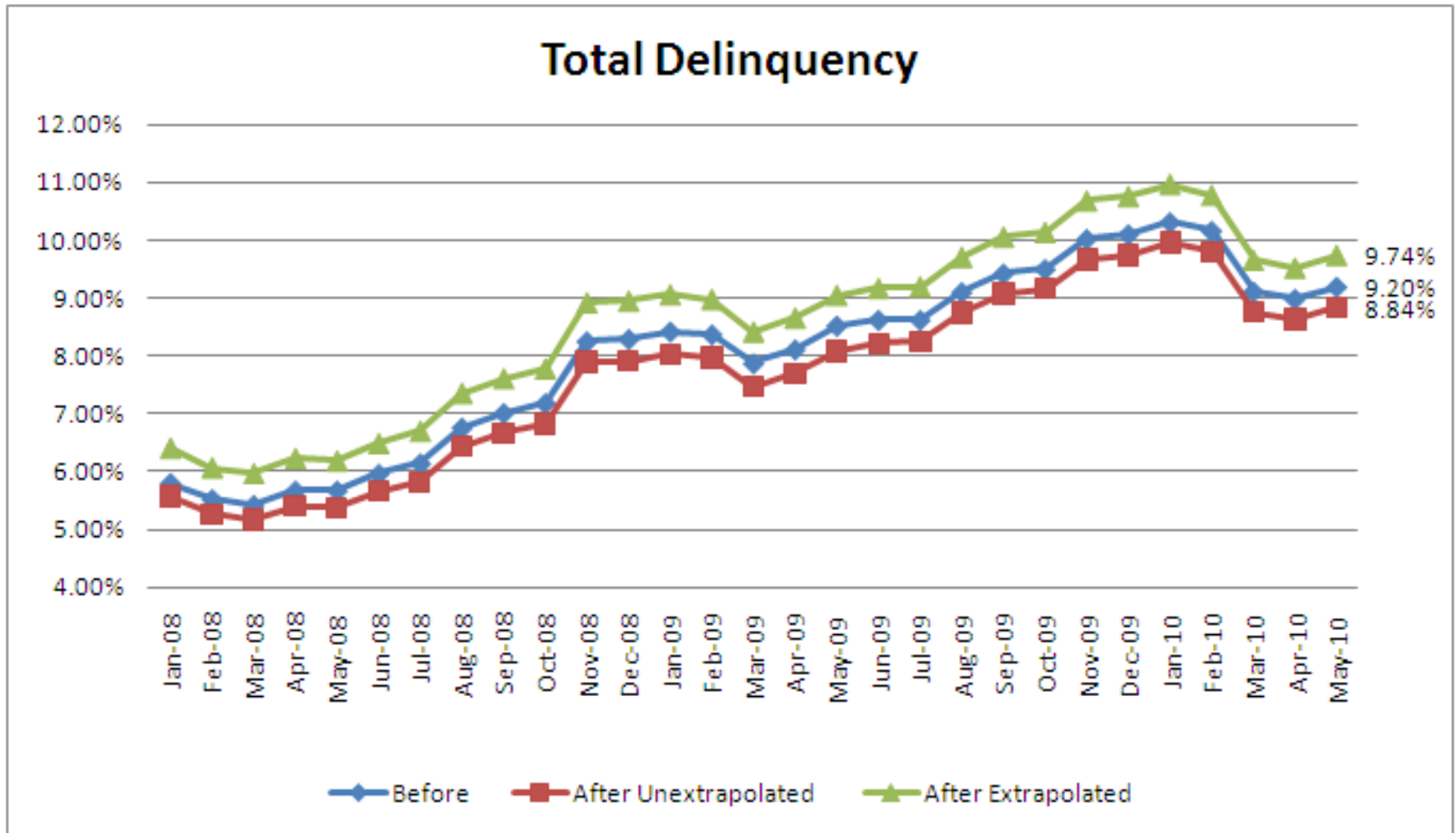


Performance Statistics Changes – MBA Delinquency

Before = Unextrapolated Values from prior to June 2010 Month-end data

After Unextrapolated = Actual values from servicing data reflecting removal of 2nds

After Extrapolated = Changes with June 2010 data; new products and extrapolations

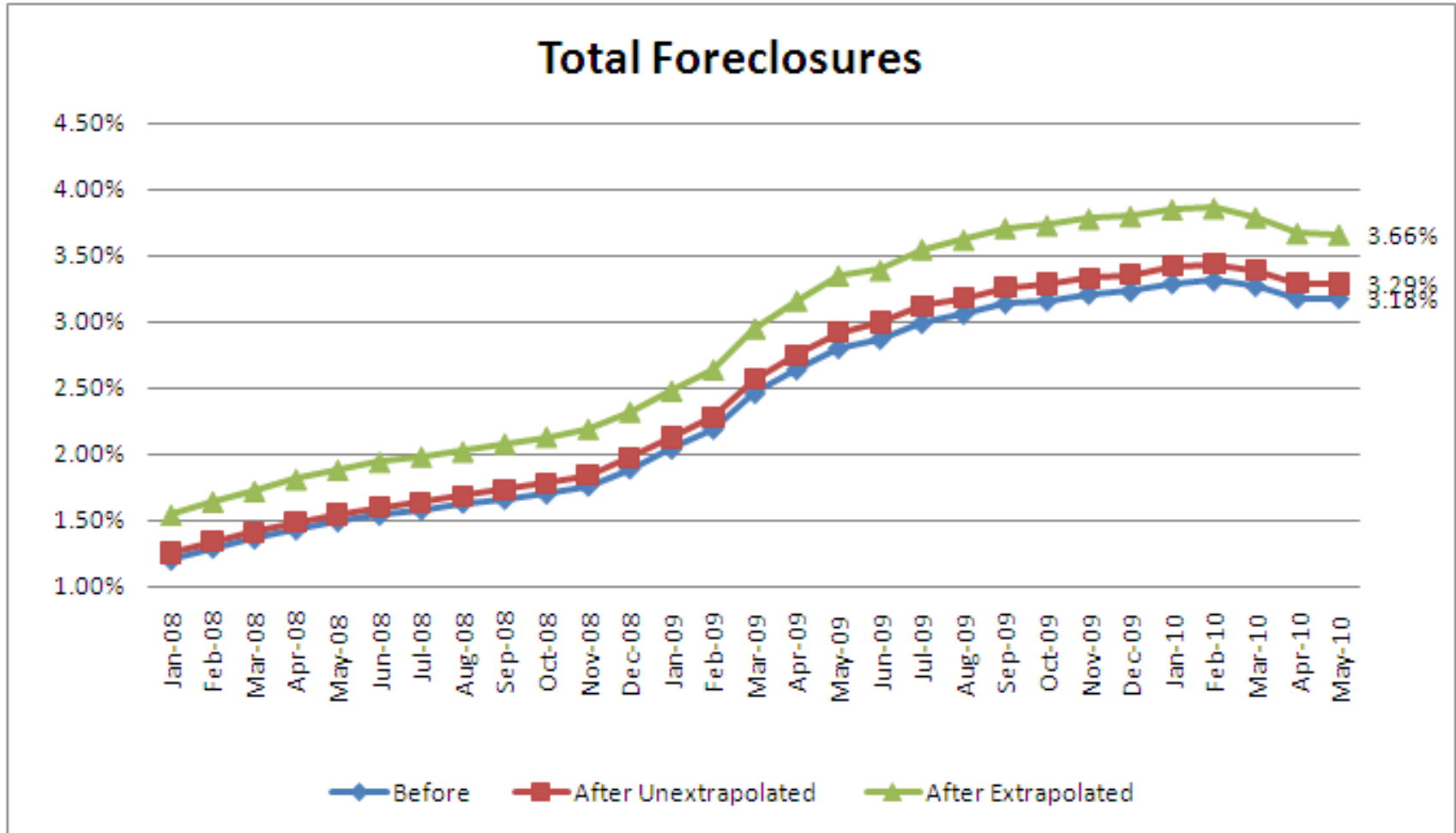


Performance Statistics Changes – Foreclosure Inventory

Before = Unextrapolated Values from prior to June 2010 Month-end data

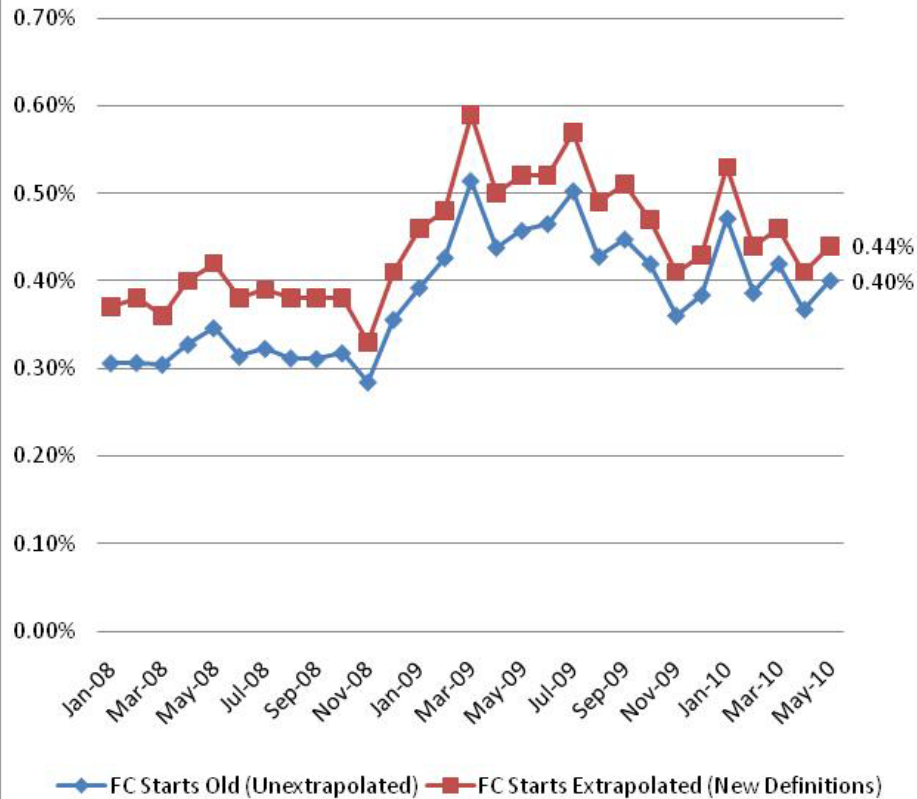
After Unextrapolated = Actual values from servicing data reflecting removal of 2nds

After Extrapolated = Changes with June 2010 data; new products and extrapolations

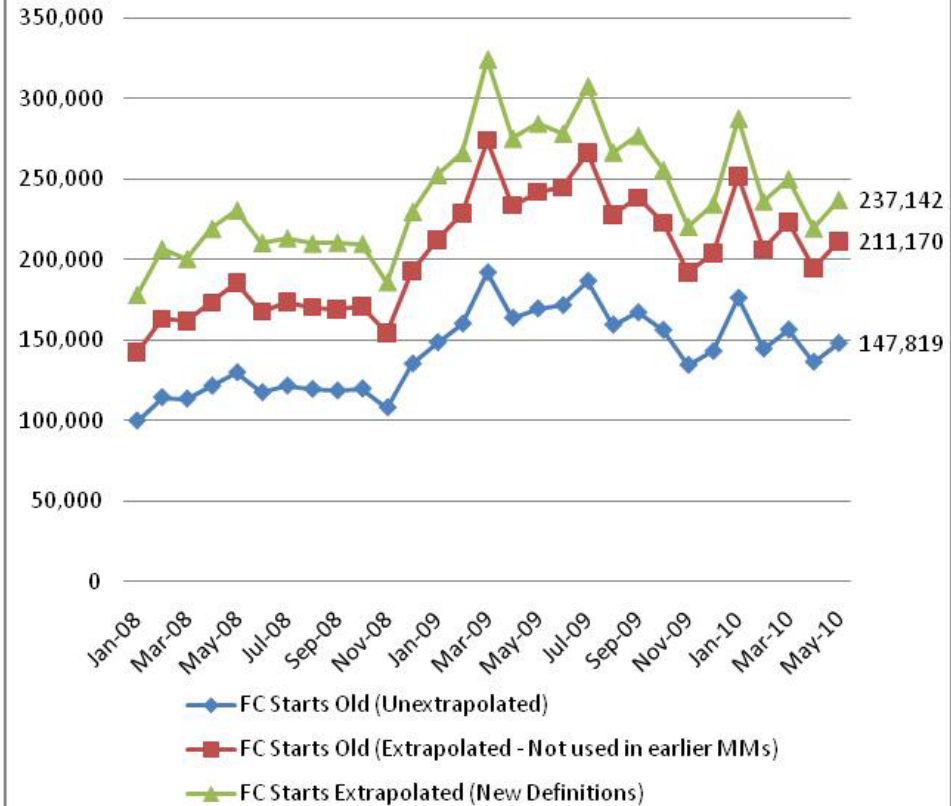


Performance Statistics Changes: Foreclosure Starts

Foreclosure Start Percentage



Foreclosure Start Counts



Performance Statistics Changes: Database Counts
New Extrapolation and Product Definitions implemented with the June 2010 month-end data.

Month	Old Extrapolated Counts					New Extrapolation and Definitions				
	TOTAL ACTIVE	30 DAYS	60 DAYS	90+ DAYS	FC	TOTAL ACTIVE	30 DAYS	60 DAYS	90+ DAYS	FC
1/31/2009	52,865,654	1,815,990	823,196	1,606,120	1,123,630	55,808,731	2,103,948	970,926	1,982,792	1,386,232
2/28/2009	52,711,113	1,760,069	776,136	1,664,786	1,202,530	55,634,025	2,028,711	915,254	2,053,604	1,470,975
3/31/2009	52,603,210	1,557,886	729,829	1,637,179	1,347,897	55,494,244	1,803,762	857,482	2,013,475	1,638,510
4/30/2009	52,488,976	1,628,829	724,771	1,686,510	1,442,013	55,359,209	1,880,223	848,273	2,064,150	1,747,847
5/31/2009	52,196,614	1,736,460	752,333	1,729,616	1,524,661	55,020,447	1,994,488	878,584	2,103,953	1,842,709
6/30/2009	52,121,319	1,705,416	758,757	1,818,189	1,559,714	54,840,348	1,949,510	881,695	2,195,846	1,861,290
7/31/2009	52,177,767	1,640,776	766,397	1,899,189	1,625,591	54,932,955	1,877,854	890,265	2,287,138	1,948,406
8/31/2009	52,161,707	1,733,151	805,359	2,024,819	1,658,017	54,881,933	1,973,402	931,297	2,427,046	1,987,260
9/30/2009	52,180,944	1,747,280	824,349	2,163,233	1,700,954	54,896,332	1,987,322	951,291	2,584,383	2,034,747
10/31/2009	52,136,751	1,673,109	805,421	2,295,949	1,712,461	54,823,357	1,900,795	926,285	2,733,069	2,043,055
11/30/2009	52,033,580	1,764,989	809,086	2,453,456	1,732,407	54,715,474	1,997,842	929,425	2,917,765	2,066,667
12/31/2009	52,037,724	1,720,691	814,816	2,532,137	1,746,096	54,703,582	1,946,904	932,895	3,005,215	2,077,323
1/31/2010	52,121,623	1,791,484	812,211	2,584,294	1,780,917	54,767,403	2,018,656	928,175	3,060,719	2,110,473
2/28/2010	52,045,097	1,791,633	736,476	2,573,847	1,786,613	54,646,060	2,013,031	838,874	3,040,456	2,110,777
3/31/2010	51,815,101	1,448,697	658,616	2,431,504	1,755,123	54,328,511	1,635,748	747,318	2,865,148	2,059,629
4/30/2010	51,847,224	1,476,649	630,756	2,368,593	1,705,850	54,318,242	1,667,267	716,319	2,788,098	1,994,614
5/31/2010	51,600,204	1,624,594	658,121	2,282,954	1,697,229	54,175,993	1,835,106	748,446	2,693,309	1,983,965

